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SETTING THE BENCHMARK: REFORMING ONTARIO MPP PENSIONS AND COMPENSATION

November 27, 1995



ONTARIO MPP
COMPENSATION COMMISSION

Government
Publications

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The Honourable Ernie Eves, Q.C.
Minister of Finance
7th Floor Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7

Dear Mr. Eves,

We are pleased to submit the Report of the Ontario MPP Compensation Commission, "Setting the Benchmark: Reforming Ontario MPP Pensions and Compensation."

During our review, we came to three main conclusions.

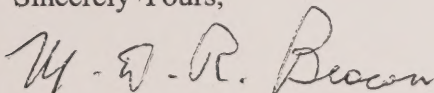
First, the current pension arrangement is overly generous and should be reduced. The Province and the Members should make financial provision for the Members' retirement, but not at the current level, which is excessive in many cases.

Second, we recommend eliminating the tax-free allowances that are not supported by documented expenses.

Finally, any changes in the compensation of the Members should be made in the context of the total compensation as described in the Report. The total compensation of Members should be measured against a benchmark reflecting private-sector norms and practices. This benchmark should be updated regularly.

We believe implementation of our recommendations will result in a fair and transparent method of compensating Ontario MPPs.

Sincerely Yours,



M. David R. Brown
Chair
Ontario MPP Compensation Commission

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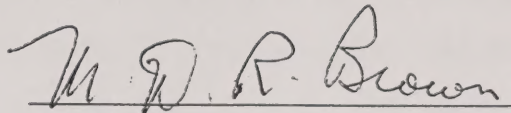
Le document *Établir un point de repère : réforme du régime de retraite et du programme de rémunération des députés de l'Ontario* est également disponible en français.



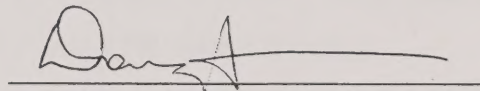
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Members of the Ontario MPP Compensation Commission

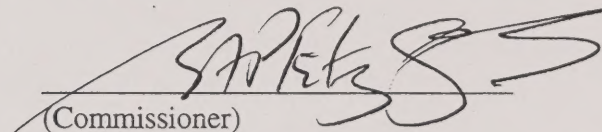
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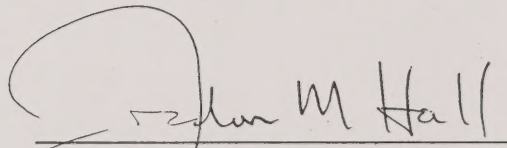
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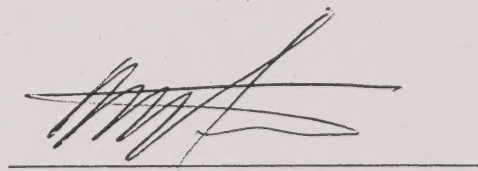
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ACKNOWLEDGEMENTS

We wish to acknowledge the assistance of the Ministry of Finance staff, as well as staff of the Human Resources Branch and Finance Branch of the Legislative Assembly Offices, without whom this report could not have been prepared in such a brief time. We also wish to thank those Members who took time out of their busy schedules to speak to us. We wish to acknowledge letters received from the Ombudsman and the Privacy Commissioner. We were greatly assisted by the fact that similar studies have been done in other Canadian jurisdictions. Sobeco Ernst & Young provided us with updates of certain calculations from their study of federal Parliamentarians. We were able to draw on the review of the Ontario Legislative Assembly Retirement Allowances Act (LARAA) undertaken by Eckler Partners Ltd. and on the actuarial valuation prepared by the actuary of the Plan.

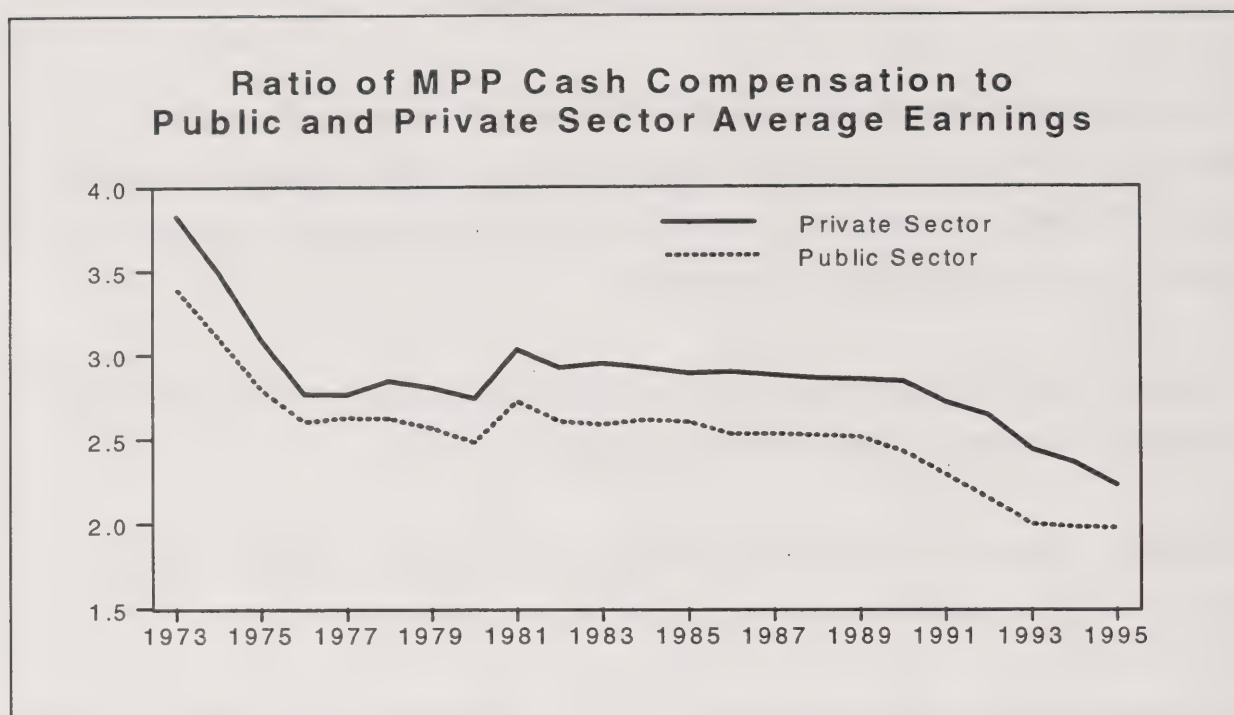
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EXECUTIVE SUMMARY

Our mandate was to examine the compensation of all elected Members of the Provincial Parliament and to recommend changes, as appropriate, paying particular attention to the existence of tax-free allowances and special indemnities, and the government's announced intention to end the present pension arrangements as of June 8, 1995.

1. We believe that the level of compensation of elected Members should be directly comparable with levels of compensation in the private sector for comparable work.
2. Members' compensation should be fair and transparent to the public. It should be neither a barrier to prevent persons from seeking election, nor the main reason to run for office.
3. The compensation of Members should be seen to be fair. It should be measured against an independent, objective benchmark, which is also made public. It should not contain elements that are not found in the private sector unless they can be shown to be appropriate. However, we recognize that private-sector compensation can include items such as stock plans that cannot be closely replicated in public-sector employment.
4. We used the total compensation method to compare the compensation of Members with compensation in the private sector. This method, which is extensively used in private-sector analyses, places a monetary value on non-cash compensation and adds this to cash compensation. Non-cash compensation includes elements such as life and disability insurance, health and dental benefits, and pension benefits. The trend in (cash) compensation for Members versus average private and public sector earnings is shown in the chart below.



5. We examined specifically the total compensation of Members who do not hold special positions, Ministers with portfolio, Leader of the Official Opposition and the Premier. Within our three-week limit, we were unable to examine positions such as the Speaker, the Party Whips, and Standing Committee Chairs, to determine whether current pay differentials for these positions are appropriate. We believe that a fuller examination should be undertaken using our methodology and conclusions for the positions we examined.

6. We also examined the existing pension plan for Members. We noted that the plan provides a five per cent annual accrual, compared with a maximum of two per cent for a registered pension plan in the private sector. We believe that the retirement savings opportunities for Members should be the same as those for other working Ontarians.

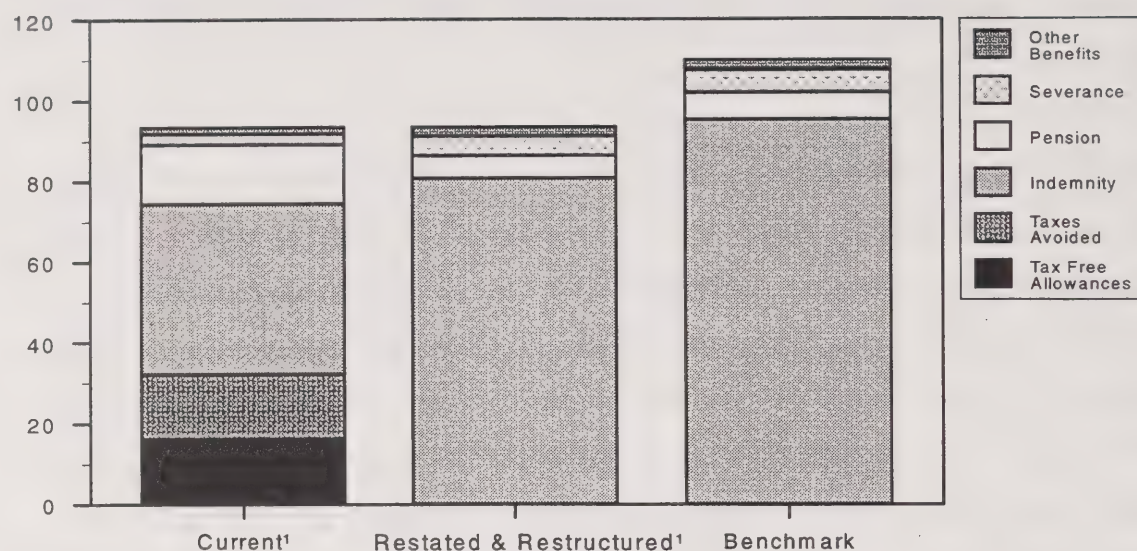
7. We believe that an appropriate level of retirement savings would be achieved under a retirement savings or pension arrangement with an aggregate value of no more than 14 per cent of

earnings, to be shared equally between the Members and the Province. To illustrate, we have included in the benchmark compensation package a group Registered Retirement Savings Plan (“group RRSP”) with seven per cent matching contributions from the Members and the Province in future.

8. We analyzed the current total compensation of the typical Member, adjusting the tax-free allowances to their pre-tax equivalents. We concluded that other expense allowances for travel and accommodation cover expenses required to perform the Members' job obligations, are consistent with private-sector arrangements and did not require adjustment or inclusion in total compensation. Then we restated the same total compensation in a form more consistent with private-sector practice, folding the tax-free allowances into base cash compensation and reducing the pension component. Finally we compared the result with a “benchmark” derived from our analysis of private-sector jobs with similar skill requirements and job demands. The chart below summarizes our findings:

Member Total Compensation

(\$ Thousands)



¹ 85 per cent of benchmark.

Note: The current amounts reflect the impact of the Social Contract.

Member Total Compensation

(Dollars)

	Current	Restated & Restructured	Benchmark
Tax Free Allowances	16,060		
Taxes Avoided(2)	16,060		
Indemnity	42,218	80,596	95,104
Total Cash Compensation	74,338	80,596	95,104
Pension(5)	14,776	5,642	6,657
Severance(3)	2,533	4,836	5,706
Other Benefits(1)(2)(4)	1,742	2,315	2,533
Total Compensation	93,389⁽⁶⁾	93,389⁽⁶⁾	110,000

Notes: The current amounts reflect the impact of the Social Contract.

(1) Other group insurance calculated as \$555 plus 0.604% of Indemnity

(2) Tax rate assumed to be 50.0% (i.e. divide tax-free by 0.5)

(3) 6% of Indemnity

(4) Life Insurance calculated as \$2.88 per \$1,000 of Indemnity

(5) Current: 35% of Indemnity; Option: 7% of Indemnity

(6) 85 per cent of benchmark.

The **Current** Total Compensation of a Member is \$93,389, made up of \$74,338 in pre-tax cash compensation and \$19,051 in non-cash compensation, i.e., the average value of pension entitlements earned annually, life and disability insurance, health, dental and severance benefits. (The cash compensation includes the pre-tax equivalent of the expense allowance and the committee allowance.)

The **Restated and Restructured** Total Compensation of a Member is unchanged at \$93,389, but represents a structure of compensation that is more typical of the private sector. In this case, the cash component is \$80,596 and the non-cash component is \$12,793.

The **Benchmark** Total Compensation is \$110,000 including a cash component of \$95,104 and a non-cash component of \$14,896.

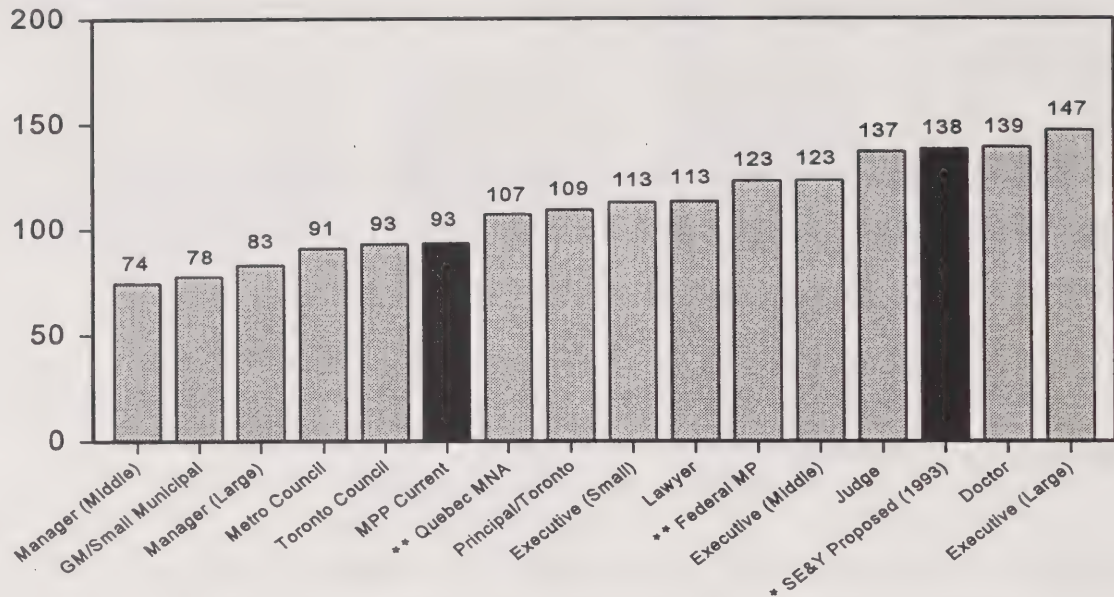
The **Current** Total Compensation and the **Restated and Restructured** Total Compensation are therefore at a level of 84.9 per cent of the **Benchmark**.

Based on our analysis of total compensation, we make the following recommendations:

9. We believe that the benchmark level is the appropriate level of total compensation for Members. This level is comparable to that of a vice president in a small company, a lawyer in private practice, or of a high school principal in Toronto. Expressed on a comparable basis (i.e., translating tax-free allowances to pre-tax equivalents), total compensation of a federal Member of Parliament is currently \$122,998 and that of a member of the Quebec legislature is \$107,288.

Average Total Compensation of Selected Occupations Comparison with Members' Salaries: 1995

(\$ Thousands)



* SE&Y proposed \$111,517 in their 1993 Report. The adjustment to \$138,117 reflects the different treatment of tax free allowances in our Report.
 ** Adjusted to reflect the different tax treatment in our Report.

Occupational categories used in the Chart include the following:

Managers are individuals two levels under the President's position. Executives are individuals one level below the President and usually reporting directly to the President. Small sized Companies have annual sales of less than \$25 million, Middle sized Companies have annual sales between \$25 million and \$100 million, while Large sized Companies have sales between \$100 million and \$500 million. Lawyers and Doctors are those in private practice throughout Canada. A small municipality is an Ontario municipality with an operating budget of less than \$20 million. School principals are high school principals in Metro Toronto.

10. We recommend eliminating all tax-free allowances which do not require vouchers for support. Such allowances are not typically available in the private sector and obscure the real value of Members' compensation. Members' expenses should be reimbursed on the presentation of appropriate documentation according to published rules administered by the Legislature, through the Board of Internal Economy. The present rules for reimbursement of expenses should be expanded to include a daily meal allowance for Members who are away from home on constituency or legislative business. This allowance should be vouchered and subject to limits established by the Legislature, through the Board of Internal Economy.

11. The Province may wish to initiate discussions with the federal government to recover for the Province the additional federal taxes paid by Members as a result of translating the non-taxable allowances to pre-tax equivalent indemnities.

12. We recommend that pensions not be reduced for Members who are already receiving payment, nor should there be reductions to Members' pension entitlements who are no longer in the Legislature. The Legislature, through the Board of Internal Economy, can decide on future ad-hoc adjustments to cover cost-of-living increases.

13. We recommend preserving all pension amounts earned before June 8, 1995 by the Members who are currently in the Legislature. We recognize that this retains the five per cent benefit rate for service before that date. However, our recommendation is based on a number of factors. The five per cent rate applies to only slightly more than half of the Members' cash compensation as we have measured it. We also had reservations about making retroactive changes to vested benefits that have no precedent in the private sector.

14. We recommend that Members who were first elected before June 8, 1995 and had not met the five-year vesting requirements of the pension plan as of that date be considered to have met those requirements. We note that deeming them to have become vested is consistent with legal requirements for the private sector in plan terminations. If it is decided that they will not be treated as vested, an accommodation would be to credit to them the pension provided by twice the Member contributions plus interest.

15. Although we consider that there should be no reduction in the amount of earned benefit, we recommend raising the minimum age for commencement of unreduced pension. The current plan allows pension payments to begin at a much younger age for some Members than is common in the private sector. For example, under the present pension plan, a Member who is elected at age 25 and serves for 15 years can draw a full pension immediately upon leaving the legislature at age 40. Although arguably a period of service as an elected Member can interrupt an individual's

career, we believe that this is best handled by cash severance rather than through enhanced pensions. We recommend that current active Members be entitled to full pension no earlier than age 55. We would support earlier payments provided they are subject to actuarial reductions.

16. If recommendations 13 and 15 are not accepted, and the current generous arrangements continue in effect, we recommend that future pension credits be limited to 30 years less twice the number of years accrued under the present plan. However, if these recommendations are accepted, we recommend that no such restrictions be placed on future pension accruals.

17. We recommend that the commuted values of the earned pensions not be paid out to the Members.

18. Our recommendations on transition issues for the pension plan assume a change date of June 8, 1995. All Member contributions since that date should either be refunded with interest or rolled into the new retirement savings arrangement. If the actual change date is later than June 8, 1995, we recommend that benefits accrue under the existing plan up to the new change date and that later contributions be refunded or rolled over. When rolling contributions to a new arrangement, we recommend that, at a minimum, matching government contributions also be rolled to the new arrangement.

19. In the time available, we were unable to make detailed design recommendations for the ongoing retirement savings arrangement. We briefly considered the merits of both defined benefit and defined contribution plans but came to no conclusion. We recommend that further consideration be given to the design of the ongoing retirement plan within the parameters we have given.

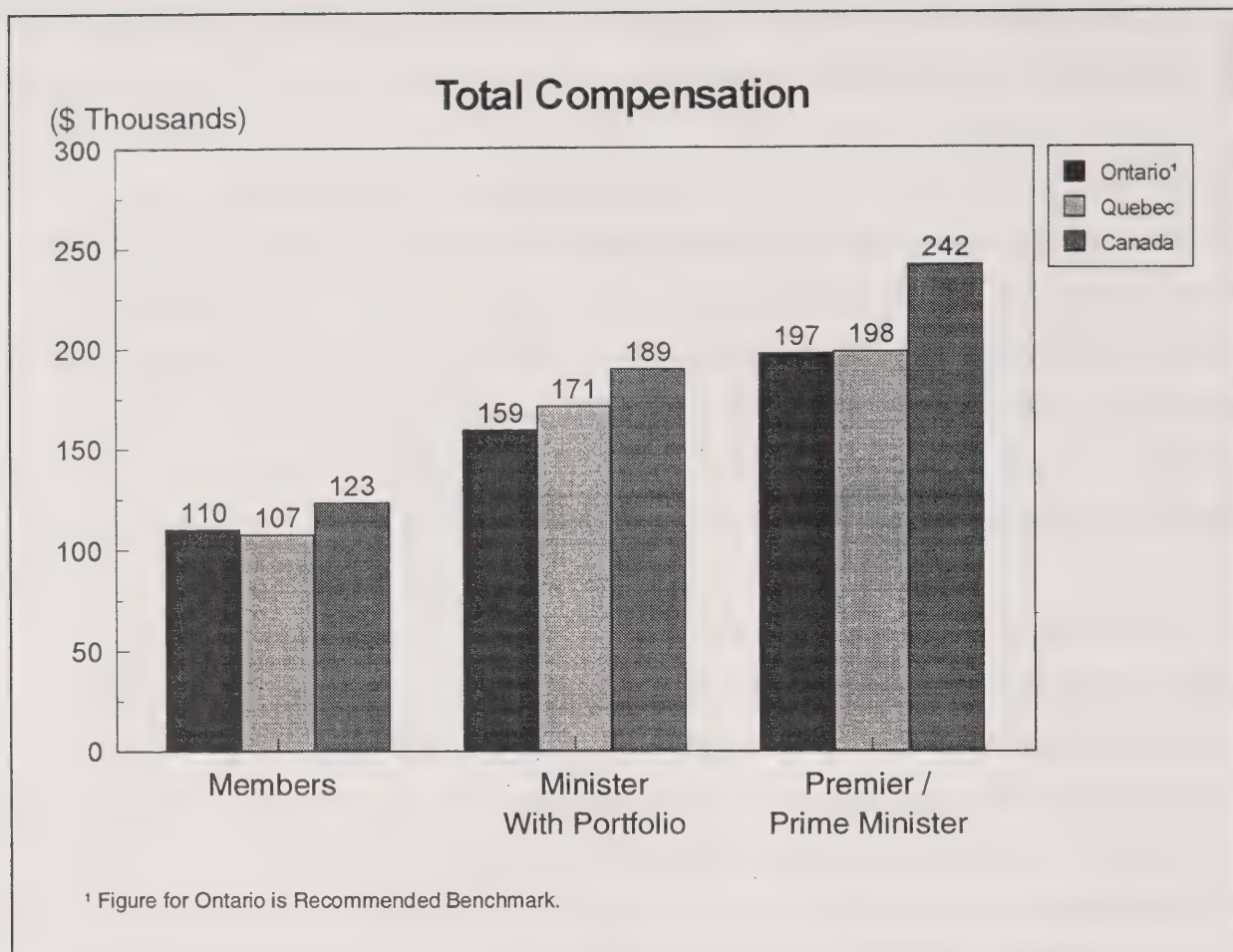
20. Whatever the design of the new plan, we recommend immediate vesting of future pension benefits, which is more consistent with private-sector practice.

21. We concluded that the present cash severance package is appropriate, but the formula should be applied to all cash compensation.

22. Similarly, we found that the life and disability insurance, health and dental plans were consistent with private-sector and other public-sector practices. We recommend no changes other than relating the life and disability insurance to the full cash compensation and considering the continuation of benefit eligibility for life insurance, health and dental during a period when severance is received that corresponds to the months of the severance benefit to which the Member is entitled. We also recommend that future consideration be given to introducing more flexible benefit choices within the total compensation package.

23. In examining the total compensation of Ministers, we were not satisfied that we could establish an appropriate private-sector benchmark. Instead, we found it appropriate to maintain the current differentials between the compensation of Members and Ministers. We recommend that the cash compensation of Ministers with portfolio be 145 per cent of the cash compensation of Members. The non-cash compensation should be structured consistently with that of Members, including comparable adjustments to the pension arrangements and elimination of tax-free allowances. Using our Member Benchmark, we arrive at cash compensation for Ministers with portfolio of \$137,901 and non-cash compensation of \$21,100 for a total of \$159,001. This total compensation compares with federal Ministers at \$189,234 and Quebec Ministers at \$170,948.

24. We recommend that the cash compensation of the Premier be 180 per cent of the cash compensation of Members. The non-cash compensation should be structured consistently with that of Members including comparable adjustments to the pension arrangements and elimination of tax-free allowances. Using our Member Benchmark, we arrive at cash compensation for the Premier of \$171,187 and non-cash compensation of \$25,925 for a total of \$197,112. This total compensation compares with the federal Prime Minister at \$241,583 and the Quebec Premier at \$198,153.



25. In examining the total compensation of the Leader of the Official Opposition, we found that in most other Canadian jurisdictions this position is compensated at the same rate as a Minister. We believe that the same principle should be applied in Ontario and therefore recommend that the cash compensation of the Leader of the Official Opposition be set at 145 per cent of the Member Benchmark cash compensation. The non-cash compensation should be structured consistently with that of Members including comparable adjustments to the pension arrangements and elimination of tax-free allowances.

26. We recommend that the increase in the cash compensation to the Benchmark level be made over time to avoid a large one-time increase. Consideration may also be given to incorporating performance requirements in Members' compensation before they reach the Benchmark.

27. We recommend that the Benchmark be updated annually by an independent source and the compensation of all Members adjusted accordingly. We suggest that at five-year intervals the Benchmark should be examined to confirm its continued applicability.

We believe that the recommendations and issues identified in this Report will assist the Minister of Finance and the Government in implementing measures that will ensure Ontario Members are

- * compensated fairly and appropriately for what they do;
- * encouraged to save a part of their earnings for retirement; and
- * no longer subject to public hostility for having a "gold-plated " pension arrangement at public expense.

If the Government acts on our recommended new total compensation package, we believe the Province will continue to attract persons of integrity, talent, skills and dedication to the demanding life of a Member.

1. MANDATE

Our Commission is an independent, arm's-length panel of professional compensation and pension consultants entrusted with advising and making recommendations to Ontario's Minister of Finance on the appropriate level of Members' compensation and on steps to make it fair and transparent to the public. Our mandate was to examine the compensation of all elected Members of the provincial legislature and to recommend changes, where appropriate, paying particular attention to the existence of tax-free allowances. In giving advice and making recommendations, we have considered the Government's announced intention to end the present pension arrangement for Members of the Legislative Assembly on June 8, 1995.

We were asked to determine for the Minister of Finance the value of Members' total annual compensation. This compensation includes special indemnities and allowances, as well as tax-free allowances for Leaders, Ministers with portfolio and other specified positions.

We have also been asked to recommend a new compensation plan for Members, Leaders, Ministers with portfolio and other specified positions. Our recommendations are based on comparisons with compensation received in private-sector and public-sector occupations requiring similar job skills. Our recommendations also consider options for a new structure of employee benefits, and the possibility of a group RRSP. Finally, we have considered ways to convert the current tax-free allowance into an equivalent form of taxable compensation.

We have also been asked to recommend procedures for determining future compensation adjustments.

Our mandate also includes related transitional pension issues. These include appropriate treatment of the 97 Members of the current legislative Session who were not vested on June 8, 1995.

We were also asked to identify and make recommendations on the desirability of paying out cash values of the pension entitlements for vested Members that were earned under the present pension arrangement.

Finally, we were asked to consider other matters approved by the Minister of Finance that were relevant to helping this Province achieve the Government's main objective -- a workable, comprehensive and fair reform of Members' compensation.

In fulfilling our mandate, we examined a number of outside sources in the private and public sectors to identify comparable occupations, compensation levels and practices in industry, education and other fields and to establish a benchmark for determining compensation. We also examined the total compensation of federal MPs and members in other provincial legislatures.

Members were invited to express their views on compensation issues. We conducted in-depth interviews with Members from the Government and the Official Opposition. No Members from the third party chose to participate. We appreciated Members' willingness to frankly express their views on compensation and pension issues, and were struck by their sense of deep commitment, fairness and dedication to their roles as politicians in a challenging and rapidly changing environment. All respondents clearly spend a great deal of time satisfying their constituents' concerns, as well as taking full responsibility for session and committee work.

This report reflects our attempt to resolve the issues outlined in our mandate. For our complete terms of reference, see Appendix I.

2. BACKGROUND

Many aspects of the compensation of elected officials have been subject to public debate. The complexity of the compensation structure reduces its transparency as well as the accountability of elected officials to taxpayers. Tax-free allowances are perceived as an unfair reduction in the tax liabilities of elected officials. Pensions are costly to the taxpayer and are viewed as overly generous.

The current Government's electoral platform stated that tax-free allowances paid to politicians and the pension plan for Members would be abolished. A Backgrounder (see Bibliography) to an April 29 news release further stated that reforms to MPPs' compensation arrangements are required to show leadership by example. According to the press release, these reforms would be undertaken by a newly created arm's-length panel composed of dollar-a-year compensation experts drawn from the private sector.

On August 30, 1995, the Premier announced that an independent Commission would be set up to review and make recommendations on Members' compensation and that legislation would be introduced in the fall of 1995 to implement the reforms. The Government, in its September 1995 Throne Speech, repeated its commitment to "scrap the gold-plated MPP pension plan, eliminate tax-free allowances, and take responsibility for setting MPPs' pay away from politicians."

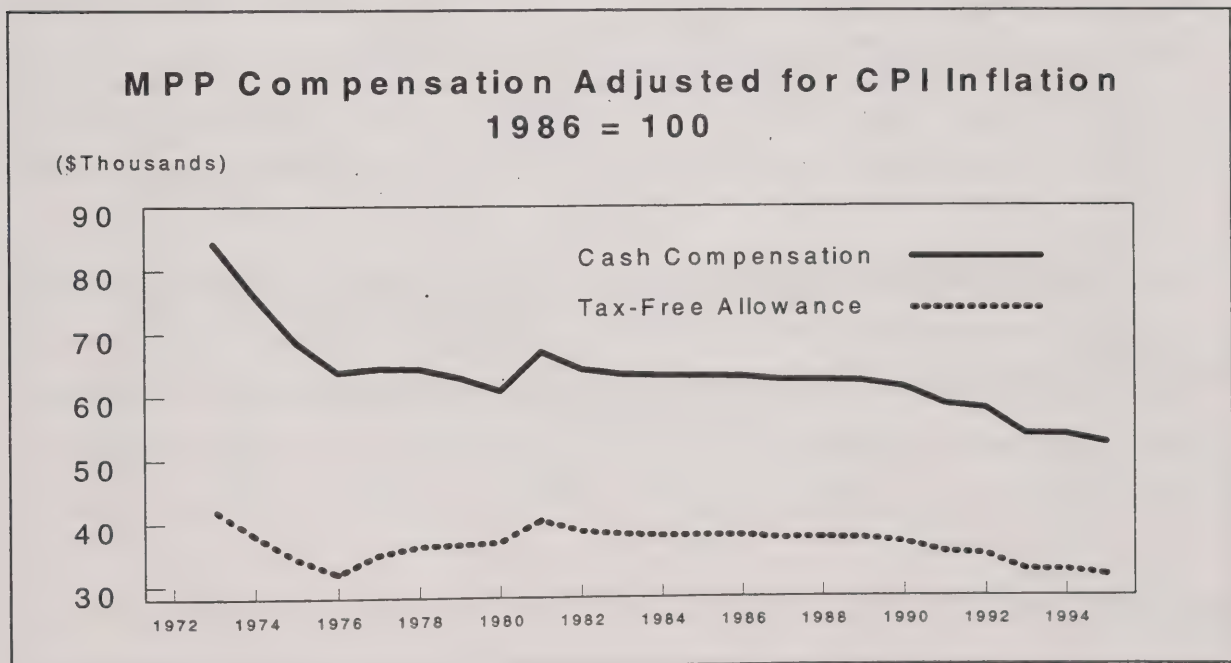
These reforms are necessary because the role of the Member has changed over time. A few decades ago, the job was part time for many Members, while now it is a full-time position, involving long hours and travel. The existing compensation structure was originally developed to reimburse Members for interrupting their regular employment to sit as Members of the Legislative Assembly.

We believe that the job of a Member is a full-time obligation - and that Members with geographically large ridings in Northern Ontario, for example, have substantial added travel and

accommodation expenses. Our research indicates similarly that federal MPs and politicians in other provinces face far heavier workloads, responsibilities and demands on their time than ever before. For example, a 1994 report by Sobeco Ernst & Young on Federal Parliamentarians' compensation points out that MPs typically put in 11-hour days six days a week when the House of Commons is in session, and 10-hour days five days a week when the House is not in session. The Sobeco report found that the average member worked about 500 hours more annually than a typical Canadian executive.

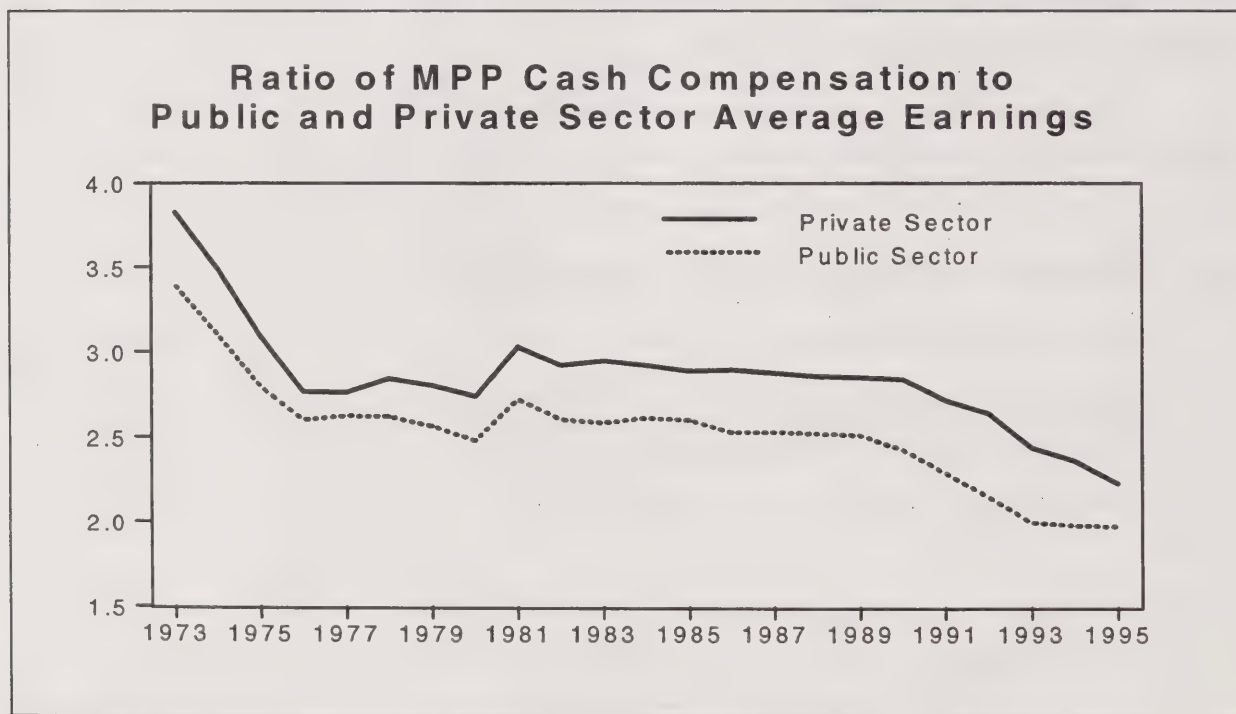
Members have seen their duties expand dramatically in recent decades. As issues become more complex in a rapidly changing economic and social climate, Members must draw on a wide range of skills, knowledge and understanding not only of their own constituents' needs, but also of the needs of our province and country.

Members' workloads have steadily increased over time, but their compensation package has fallen in real (i.e., inflation-adjusted) terms. The following chart shows the change since 1972 in the real value of Members' basic indemnity and tax-free allowance (adjusted at a tax rate of 50 per cent).



The decline in the real value of the compensation package was compounded by the effect of the Province's Social Contract, which reduced both Members' indemnities and tax-free allowances by 5.5 per cent for the period from April 1, 1993 to March 31, 1996. When the combined effects of inflation and the Social Contract reductions are taken into consideration, the purchasing power of a typical Member's compensation is at its lowest point in over 20 years.

When the Members' cash compensation package (including the current tax-free allowance converted at a 50 per cent marginal rate) is compared to public-sector and private-sector average employment earnings, the position of Members has clearly deteriorated relative to pay levels in both sectors.



3. THE VALUE OF THE CURRENT PACKAGE TO MEMBERS

The current compensation package consists of a number of different indemnities and allowances, some of which are taxable and some of which are tax-free. The present package was not systematically developed to compensate for full-time employment; rather it evolved over time to reimburse Members for part-time work. The complexity of the compensation structure, its lack of transparency, and the generosity of the pension plan are at the heart of the present reforms.

Summary of Entitlements

All Members receive a basic sessional indemnity of \$42,218, which is subject to income tax. In addition, a tax-free expense allowance of \$14,160 is paid to all Members. In addition to the tax-free expense allowance, a tax-free leader's allowance is paid to the Premier (\$7,967), leader of the Opposition Party (\$5,313), and leader of the Third Party (\$2,655). These reflect the impact of the Social Contract, which reduces Members' allowances and indemnities by 5.5 per cent until March 31, 1996.

Each member of a Standing or Select Committee of the House is eligible for an allowance. This allowance is not subject to income tax. A committee member is paid an allowance of \$80 (\$76 during the Social Contract period) for each day that the eligibility requirements are met. The committee chair's allowance is \$93 per day (\$88 during the Social Contract period).

In determining the value of the current compensation package, we included only those elements that could be considered to be compensation for Members. Those allowances used to pay for expenses incurred in the course of the Member's work were not included in valuing the current compensation package. For a full description of the allowances available to Members, see *Guide to Members' Allowances and Services and Members' Support and Caucus Staff* (August 1995).

The table below summarizes the value of those elements of the current compensation package that were deemed to represent compensation to Members.

MEMBER CURRENT COMPENSATION

	Excluding Impact of Social Contract ²	Including Impact of Social Contract ^{1,2}
Indemnity	\$44,675	\$42,218
Tax-Free Allowance	\$14,984	\$14,160
Tax-Free Committee Allowance	\$2,000	\$1,900
Life Insurance	\$129	\$122
Tax-Free Group Insurance	\$825	\$810
Pension Plan	\$15,636	\$14,776
Severance	\$2,681	\$2,533

1. Amounts reflect the impact of the social contract, which reduced MPPs' compensation by 5.5%. This reduction expires March 31, 1996.

2. The basic life and disability insurance, and severance vary with changes in the indemnity.

We made several assumptions in valuing the current compensation package. The \$1,900 tax-free committee allowance in the above table was derived by multiplying an assumed number of committee days per year (25) by the \$76 per diem. Further analysis of the Public Accounts of Ontario revealed that this assumption was reasonable, as the following table shows. While the average per diem varied from year to year, the average of \$1,836 over this period was quite close to the assumed \$1,900 committee allowance.

AVERAGE ANNUAL PER DIEMS

Fiscal Year	Total Cost (\$)	Number of Claimants	Average Per Diem (\$)
1994-95	124,834	89	1,403
1993-94	168,740	90	1,875
1992-93	179,995	94	1,915
1991-92	248,763	121	2,056
1990-91	136,154	114	1,194
1989-90	263,743	103	2,561
1989-90 to 1994-95	1,122,229	611	1,836

Source: Public Accounts of Ontario

Members contribute 10 per cent of their indemnity to the Legislative Assembly Retirement Allowances Account - the Members' pension plan. The Province matches Members' contributions and credits the Account with interest. The Province also pays the cost-of-living adjustments approved by the Board of Internal Economy and is responsible for the amount of any unfunded liability revealed by actuarial valuations of the Account.

A report by Eckler Partners Ltd. in February, 1995 (see Bibliography) estimated the average value of Members' pensions at 45 per cent of indemnities, including ad-hoc inflation increases. Since Members pay only 10 per cent towards their benefits, the Province is responsible for the difference of 35 per cent. The average value to the Member of the pension plan is 35 per cent of the basic indemnity or \$14,776. The Province's annual cost of providing the pension benefit is estimated at \$2.4 million. A five-year delay of our recommendations would cost the Province about \$12 million plus interest.

Members are entitled to receive a severance of one month's indemnity per year of service, with a minimum of six months and a maximum of 12 months. We concluded that the average severance is worth approximately six per cent of the Member's indemnity.

The private sector and other parts of the public sector typically provide cash severance payments to ease a terminating employee through the transition period. We believe that the continuation of the present severance package is consistent with this practice, but suggest that some benefits continue during this period.

We concluded that the present cash severance package is appropriate, but the formula should be applied to all cash compensation.

Similarly, we found that the life insurance, and health and dental plans, as well as the long-term disability benefits, were consistent with private sector and other public-sector practices. We recommend no changes other than relating the life and disability insurance to the full cash compensation and

giving consideration to the continuation of eligibility for life, health, and dental benefits for a period that corresponds to the months of the severance benefit to which a Member is entitled.

Differences in Value by Position

Remuneration entitlements for a Member vary depending on the position that a Member holds in the Legislature. For example, a Minister with portfolio receives, in addition to his or her basic indemnity, a Ministerial Salary of \$30,003. The Premier receives an additional Ministerial Salary of \$42,752 annually as well as an additional tax-free Leader's allowance of \$7,967.

We tried to determine if the existing differentials were appropriate i.e., commensurate with the value of differing levels of responsibility. For example, the role of the Minister with portfolio differs greatly from that of a backbencher, making greater demands on the individual, and carrying greater responsibilities. We reviewed the differentials in other jurisdictions and surveyed other reports and concluded that these differentials were appropriate. Our discussions with Members confirmed our opinion.

4. RESTRUCTURING THE CURRENT ARRANGEMENT

Tax-free Allowances

Our mandate included considering converting Members' current tax-free allowances into fully taxable payments. To do this, an appropriate tax rate was needed. The current top marginal tax rate in Ontario is 53.19 per cent. We believed that it was inappropriate to use the top marginal rate for several reasons. First, some Members' income would not be taxable at the top marginal rate even after converting to pre-tax equivalents. Second, the marginal rate varies depending on individual deductions and credits. Third, future tax rates in Ontario could change due to the Government's promise to reduce tax rates in the near future. For these reasons, we concluded that a 50 per cent tax rate would be appropriate for our calculations.

The following table shows the result of converting the non-taxable elements using the 50 per cent tax rate. Applying the 50 per cent tax rate and summing all the compensation elements results in a total compensation value of \$93,389 (\$98,739 excluding the impact of the Social Contract).

MEMBER RESTATED COMPENSATION		
	Excluding Impact of Social Contract ²	Including Impact of Social Contract ^{1,2}
Indemnity	\$44,675	\$42,218
Taxable Allowance	\$29,968	\$28,320
Taxable Committee Allowance	\$4,000	\$3,800
Cash Compensation	\$78,643	\$74,338
Life Insurance	\$129	\$122
Taxable Group Insurance	\$1,650	\$1,620
Pension Plan	\$15,636	\$14,776
Severance	\$2,681	\$2,533
Total Compensation	\$98,739	\$93,389

1. Amounts reflect the impact of the social contract, which reduced MPPs' compensation by 5.5%. This reduction expires March 31, 1996.

2. The basic life and disability insurance, and severance vary with changes in the indemnity.

Two tax-free allowances are currently paid to Members: the expense allowance and the committee allowance. The committee allowance takes the form of a per-diem paid for attendance at committee meetings and the expense allowance is a flat \$14,160 paid to all Members. The expense allowance is paid in addition to the allowances for housing, travel and constituency office expenses. The housing, travel and constituency office expenses are subject to prescribed limits and must be vouchered. Arguably, the purpose of the tax-free allowance is to assist in offsetting certain expenses incurred by Members in carrying out their official duties. We believe that the expense allowance is essentially compensation rather than expense reimbursement and should therefore be considered part of the Member's basic indemnity or salary. We understand that the committee allowance originally was an incentive to encourage Members who served on a part-time basis to come to Toronto to attend meetings of their committees. However, we believe that the position is a full-time job and that such incentives are no longer needed.

We recommend eliminating all tax-free allowances not requiring vouchers for support. Such allowances are not typically available in the private sector and obscure the real value of the Members' compensation. Expenses incurred by Members in performing their duties should be reimbursed on the presentation of appropriate documentation in accordance with published rules administered by the Board of Internal Economy. The present rules for reimbursement of expenses should be expanded to cover a daily meal allowance for Members who are away from home on constituency or legislative business. This allowance should be vouchered and subject to limits established by the Board of Internal Economy.

In restructuring the compensation package we do not intend to reduce Members' after-tax total compensation. For example, to maintain current pre-tax total compensation, eliminating the tax-free allowances would require an increase in the basic indemnity by twice the value of the allowances (i.e., by dividing the two allowance amounts totalling \$16,060 by the assumed 50 per cent tax rate). Putting the indemnity on a taxable basis, which is designed to improve the transparency in Members' compensation, would result in Members paying additional taxes to the

federal government. The Province may wish to initiate discussions with the federal government to recover for the Province the additional federal taxes paid by Members as a result of translating the non-taxable allowances to pre-tax equivalent indemnities.

The Pension Plan

Current pension arrangements for Members are defined under LARAA. A brief summary of the benefits taken from the March 1995 actuarial valuation is included in Appendix II. More details may be found in the *Guide to Members' Allowances and Services and Members' Support and Caucus Staff* or in the Act itself. There has been widespread public criticism that the pension arrangements are overly generous. There are two areas where we find this criticism well founded: the accrual rate for benefits; and the age at which former Members may receive an unreduced pension.

The plan provides a pension of five per cent of earnings for each year of service to a maximum of 75 per cent after 15 years of service. This is a much higher rate of accrual than the maximum of two per cent obtainable under a registered pension plan. However, it should be noted that this benefit rate applies only to the sessional indemnity of \$42,218 rather than to the full cash compensation (after "grossing up" the tax -free allowances) of \$74,338. Using this cash compensation, the actual benefit accrual is at a rate of 2.8 per cent annually.

LARAA allows for pension payments to begin on an unreduced basis at a much younger age for some Members than is common in the private sector. A Member who has left the Legislature may start receiving a pension when his or her age and service add up to 55. A Member who entered the Legislature at 25 and leaves at 40 can start to draw pension immediately. While a period of service as an elected Member arguably can disrupt an individual's career, we do not believe that this disruption should be compensated for with an overly generous pension plan.

In total, the current pension plan has an estimated average value of 45 per cent of pensionable earnings, including ad-hoc inflation increases. Since Members contribute 10 per cent to the

pension plan, the Province is responsible for the difference of 35 per cent. On average, this amount is \$14,776 (35 per cent of \$42,218). We believe that the retirement savings opportunities for Members should be similar to those for other working Ontarians.

Although the Members' plan has been described by some as "indexed," we note that LARAA does not, in fact, provide for cost-of-living or other indexing of pensions. However, the Legislature has approved periodic cost-of-living increases on an ad-hoc basis. Ad-hoc increases attempt to preserve the real value of pensions without committing plan sponsors to contractual indexation. This practice is consistent with the private sector.

LARAA requires five years of service for vesting. This vesting requirement is inconsistent with the two-year vesting rule in the private sector. Whatever the design of the new plan, we recommend immediate vesting of future pension benefits, which is more consistent with private-sector practice.

We considered the options of cutting back the defined benefit plan, or setting up a group RRSP or a defined contribution pension plan with a total value of 14 per cent of the indemnity, shared equally between Members and the Province. This means that a restructured total compensation package would include the Province's cost of seven per cent of indemnities.

We believe that an appropriate level of retirement savings would be achieved under a retirement savings or pension arrangement with an aggregate value of no more than 14 per cent of earnings, to be shared equally between the Members and the Province. To illustrate, we have included in the benchmark compensation package a group RRSP with seven per cent matching contributions from the Members and the Province.

It is useful to note what other Canadian jurisdictions have done to their pension plans for elected officials. There have been some moves in recent years to terminate the defined benefit pension plans for elected officials and replace them with a defined contribution/RRSP alternative.

Saskatchewan changed to a defined contribution plan for Members elected after April 1979. Manitoba switched to an RRSP effective April 25, 1995. While Alberta terminated its pension plan as of June 1993 for new Members, vested Members could continue to earn benefits at a reduced rate under the old pension plan. The federal government, while maintaining the defined benefit plan, recently passed legislation that established a retirement age of 55 and reduced the annual benefit accrual rate from five per cent to four per cent. A summary of pension provisions in other jurisdictions is provided in Appendix III.

Although we were asked to consider a group RRSP, we did not wish to overlook the fact that alternative defined benefit arrangements and even a defined contribution pension plan might be an appropriate way to provide retirement benefits for Members.

In the time available we could not undertake the kind of analysis necessary to assess the benefits of defined benefit and defined contribution arrangements. Thus we could not make detailed design recommendations. To illustrate, we have shown the impact of a group RRSP with seven per cent matching contributions from the Members and the Province. We recommend that further consideration be given to the design of the ongoing retirement plan within the same cost limits.

Our recommended retirement savings arrangements will be much less variable in their impact on total compensation than the present arrangement. In fact, if the new arrangement is either a defined contribution pension plan or a group RRSP, there will be no variability at all: the pension component of total compensation will be seven per cent of cash compensation for all Members who qualify.

The following example shows the variability of the current pension plan. A Member is first elected at age 30, becomes a Minister at age 40 and retires at age 45. Under LARAA, she receives an immediate lifetime pension of 75 per cent of her highest average indemnity (best three years). Based on the current indemnity for a Minister with portfolio, this would be a pension of \$54,166 per year. The value of this benefit would be equivalent to about 96 per cent of the

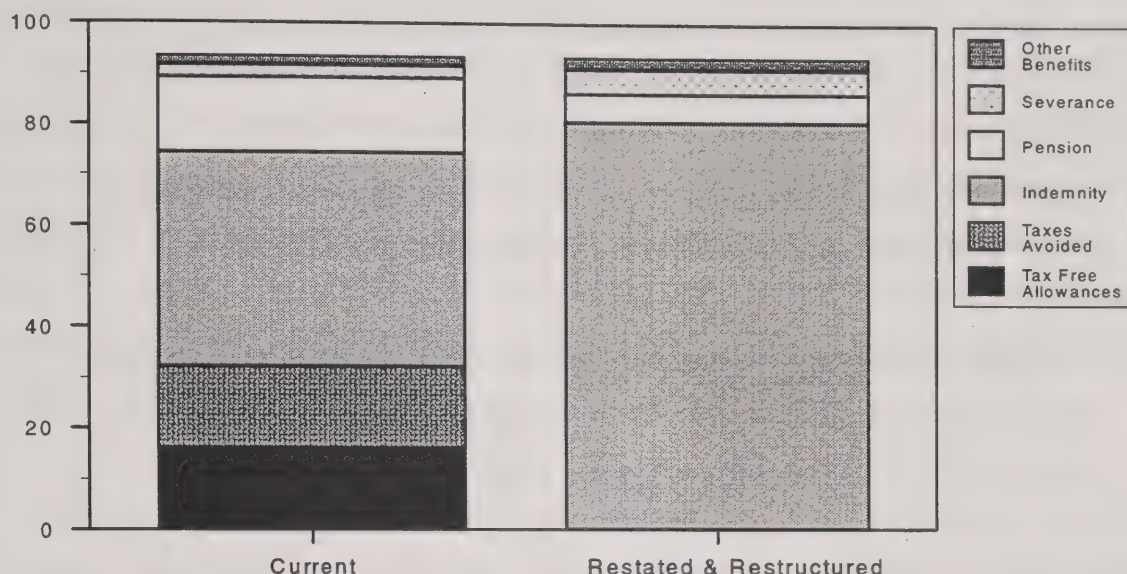
Member's indemnity throughout her 15-year career, including her 10 per cent contributions - not the 45 per cent average cost that was used in calculating average total compensation.

Other Benefits

Other elements of Members' compensation, including severance, life and disability insurance are based on the level of the indemnity. This means that if the compensation package, including the new retirement plan, is restructured to maintain the total compensation at its present level of \$93,389, the cash compensation would have to increase to \$80,596. The current compensation package and a restated and restructured compensation package are displayed in the chart below.

Member Total Compensation

(\$ Thousands)



Note: The current amounts reflect the impact of the Social Contract.

Member Total Compensation (Dollars)

	Current	Restated & Restructured
Tax Free Allowances	16,060	
Taxes Avoided(2)	16,060	
Indemnity	42,218	80,596
Total Cash Compensation	74,338	80,596
Pension(5)	14,776	5,642
Severance(3)	2,533	4,836
Other Benefits(1)(2)(4)	1,742	2,315
Total Compensation	93,389	93,389

Notes: The current amounts reflect the impact of the Social Contract.

(1) Other group insurance calculated as \$555 plus 0.604% of Indemnity

(2) Tax rate assumed to be 50.0% (i.e. divide tax-free by 0.5)

(3) 6% of Indemnity

(4) Life Insurance calculated as \$2.88 per \$1,000 of Indemnity

(5) Current: 35% of Indemnity; Option: 7% of Indemnity.

5. A NEW TOTAL COMPENSATION PLAN

We believe that three basic principles should apply to determining a compensation plan for elected officials.

The level of compensation of elected Members should be directly comparable with levels of compensation in the private sector for comparable work.

The compensation of elected Members should be fair and transparent to the public. It should be neither a barrier to prevent persons from seeking election, nor the main incentive to run for office.

The compensation plan of Members should be seen to be fair. It should be measured against an independent, objective benchmark and made public. It should not contain elements that are not common in the private sector unless they can be clearly shown to be particularly appropriate. In saying this, we acknowledge that private-sector compensation can include items such as stock plans that cannot be closely replicated in public sector employment.

We used the total compensation method to compare the compensation plan of Members with compensation in the private sector. This method, which is used extensively in private-sector analyses, places a monetary value on non-cash compensation and adds this to the cash compensation. Non-cash compensation includes elements such as life and disability insurance, health and dental benefits, and pension benefits.

To do this, we examined jobs in the private sector and public sector that would be comparable in the skills required and the level of responsibility to those of Members. Total compensation received in these comparable occupations gave us a target level for judging the adequacy of Members' current total compensation. As well, we have compared the compensation of Members with those of other MLAs and Municipal Councillors. Compensation in these comparable

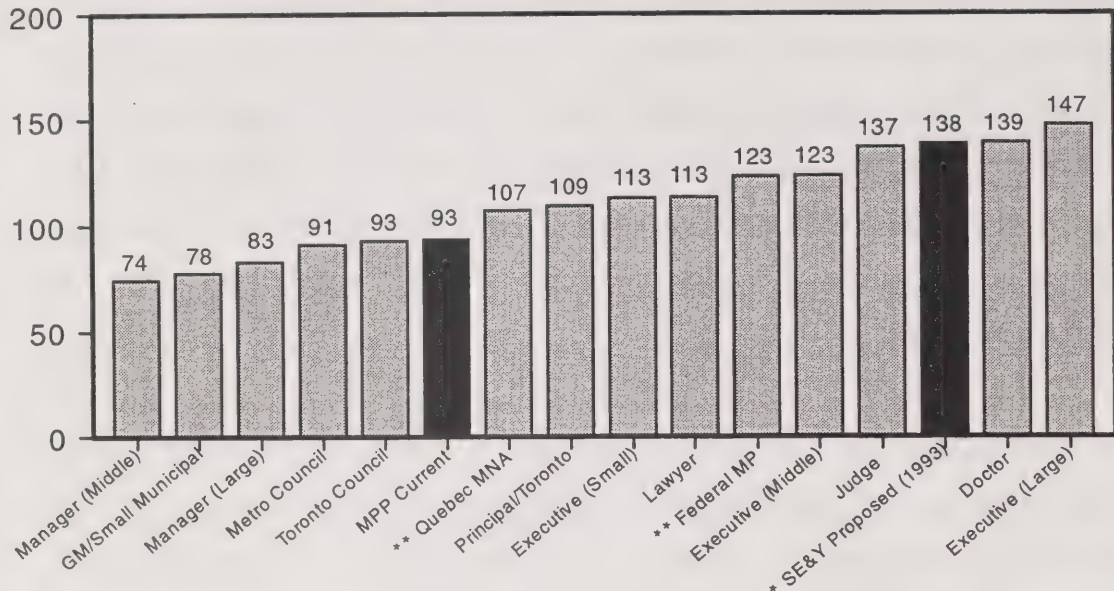
occupations is a useful benchmark in deciding what is appropriate because a market economy will have comparable compensation levels for similar occupations.

In selecting the most appropriate benchmark occupations, we examined Members' skills and responsibilities. We concluded that a Member must be a good communicator, be able to build consensus, and be able to work as a team player and an ombudsman. Members must also have excellent managerial and negotiation skills and abilities. Several Members agreed with our conclusions. Based on these skills and our analysis of earlier work by Sobeco Ernst and Young, we selected high school principals, lawyers and executives in small corporations as appropriate comparators for Members.

The chart below displays 1995 total compensation levels for 16 occupational groups. These data are updated from similar data used in an investigation of occupational compensation for federal Members of Parliament released by Sobeco Ernst and Young last year.

Average Total Compensation of Selected Occupations Comparison with Members' Salaries: 1995

(\$ Thousands)



* SE&Y proposed \$111,517 in their 1993 Report. The adjustment to \$138,117 reflects the different treatment of tax free allowances in our Report.
 ** Adjusted to reflect the different tax treatment in our Report.

Occupational categories used in the Chart include the following:

Managers are individuals two levels under the President's position. Executives are individuals one level below the President and usually reporting directly to the President. Small sized Companies have annual sales of less than \$25 million, Middle sized Companies have annual sales between \$25 million and \$100 million, while Large sized Companies have sales between \$100 million and \$500 million. Lawyers and Doctors are those in private practice throughout Canada. A small municipality is an Ontario municipality with an operating budget of less than \$20 million. School principals are high school principals in Metro Toronto.

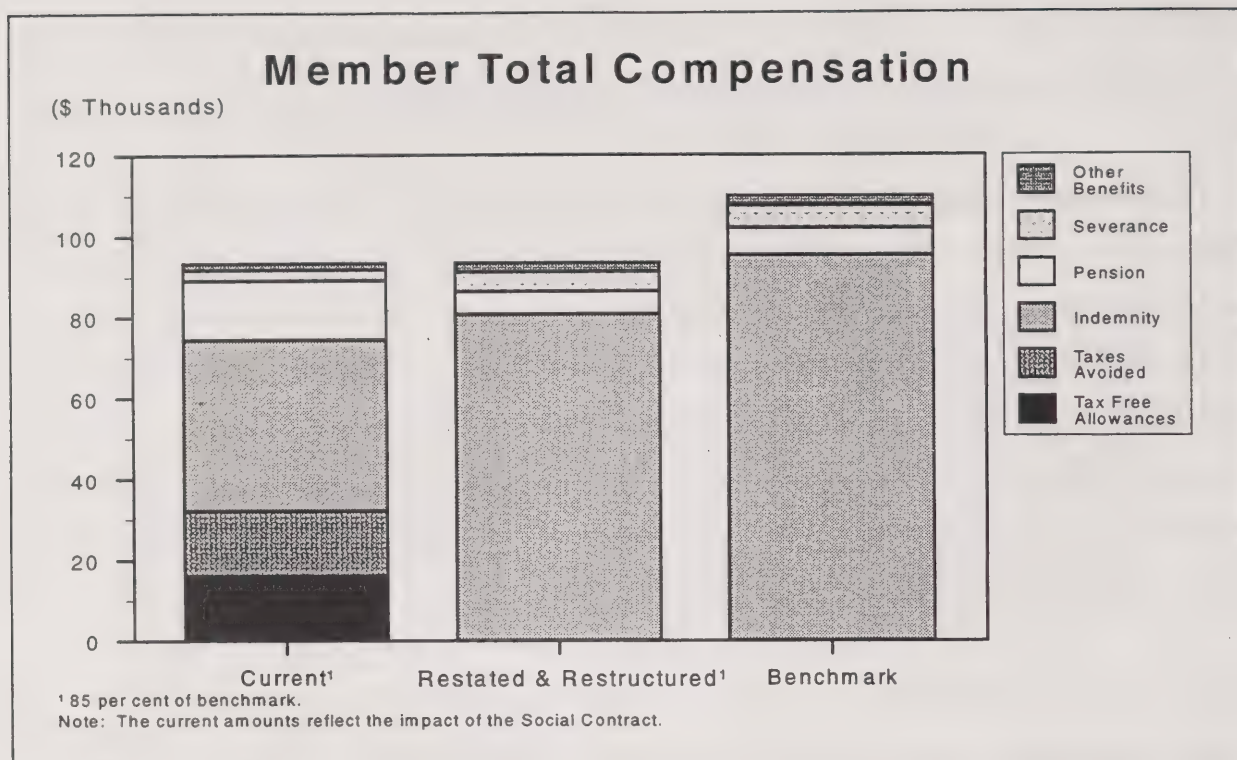
Averages of total compensation levels shown in the Chart range from \$74,000 for Managers in middle sized companies to \$147,000 for Executives in large sized corporations. Since these amounts do not include long-term performance incentives, they understate the total compensation vis-a-vis Members' total compensation. The current total compensation of Members of \$93,389 and the Sobeco Ernst and Young recommended 1993 total compensation for federal MPs of \$138,117 are highlighted.

The average total compensation for high school principals in the Metro Toronto area is \$109,000, while the average total compensation both for lawyers in private practice and executives of a small

corporation in Canada is \$113,000. The average total annual compensation for all three is \$111,667. This is the basis of our recommended \$110,000 benchmark.

We also compared Members' total compensation with that paid to other elected officials (see Appendix IV). Federal Members of Parliament earned an annual compensation of \$96,398 plus a tax-free allowance of \$21,300. When the non-expense component of this tax-free amount, is converted to a pre-tax equivalent on a comparable basis with Ontario Members, federal MPs' total compensation rises to \$122,998. Similarly, Members of the Quebec National Assembly earned an annual compensation of \$84,882 plus a tax-free allowance of \$11,203. When the tax-free amount is converted to a pre-tax equivalent on a comparable basis with Ontario Members, their total compensation rises to \$107,288.

The chart below compares the current total compensation and restated and restructured compensation schemes, both at the level of \$93,389 with the benchmark total compensation of \$110,000. This benchmark includes an indemnity of \$95,104.



Member Total Compensation (Dollars)

	Current	Restated & Restructured	Benchmark
Tax Free Allowances	16,060		
Taxes Avoided(2)	16,060		
Indemnity	42,218	80,596	95,104
Total Cash Compensation	74,338	80,596	95,104
Pension(5)	14,776	5,642	6,657
Severance(3)	2,533	4,836	5,706
Other Benefits(1)(2)(4)	1,742	2,315	2,533
Total Compensation	93,389⁽⁶⁾	93,389⁽⁶⁾	110,000

Notes: The current amounts reflect the impact of the Social Contract.

(1) Other group insurance calculated as \$555 plus 0.604% of Indemnity

(2) Tax rate assumed to be 50.0% (i.e. divide tax-free by 0.5)

(3) 6% of Indemnity

(4) Life Insurance calculated as \$2.88 per \$1,000 of Indemnity

(5) Current: 35% of Indemnity; Option: 7% of Indemnity

(6) 85 per cent of benchmark.

We believe that the Benchmark level is the appropriate level of total compensation for Members.

This level of total compensation is equivalent to that of a vice president in a small company, a lawyer in private practice, or of a high school principal in Toronto. It is a comparable level of total compensation to that received by Superintendents working for the North York Board of Education (\$104,500 to \$115,300). Comparisons with hospital administrators could not be made because the Ontario Hospital Association is reluctant to disclose their salary levels. Expressed on a comparable basis (i.e., translating tax-free allowances to pre-tax equivalents), total compensation of a federal Member of Parliament is currently \$122,998 and that of a member of the Quebec legislature is \$107,288.

Structure of the Compensation Plan

As we have mentioned, the differentials in compensation between Members and the Premier, Ministers, and other positions were found to be reasonable. We were not satisfied that we could establish appropriate private-sector benchmarks for positions other than the Members without special duties. We therefore determined the cash compensation for the Premier, Ministers with portfolio, and the Leader of the Official Opposition by establishing adjustment factors that recognize the existing relationships in compensation among various members, in Ontario and in comparable jurisdictions. The derivation of the adjustment factors is set out in Appendix V.

As noted in Section 3, we believe that current severance provisions and other benefits for life insurance, health and dental plans and long-term disability are adequate, but that where the benefit is related to income, the formula should be applied to all cash compensation.

Total Compensation for Ministers with Portfolio

The additional indemnity for a Minister with portfolio is currently \$30,003.

We recommend that the cash compensation of Ministers with portfolio be 145 per cent of the cash compensation of Members. The non-cash compensation should be structured consistently with that of Members, including comparable adjustments to the pension arrangements and elimination of tax-free allowances.

Using our Member Benchmark, we arrive at cash compensation for Ministers with portfolio of \$137,901 and non-cash compensation of \$21,100 for a total of \$159,001. This total compensation compares with federal Ministers at \$189,234 and Quebec Ministers at \$170,948.

For details on the compensation package of Ministers with portfolio, Leader of the Opposition, and the Premier, refer to Appendix VII.

Total Compensation for Leader of the Official Opposition

The Leader of the Official Opposition currently receives a \$30,902 additional indemnity and a \$5,313 additional tax-free leader's allowance. In examining the total compensation of the Leader of the Official Opposition, we found that in most other Canadian jurisdictions this position is compensated at the same rate as a Minister with portfolio (see Appendix VI). We believe that the same principle could be applied in Ontario and therefore recommend that the cash compensation of the Leader of the Official Opposition be set at 145 per cent of the Member Benchmark cash compensation. Accordingly, we recommend that the new indemnity be \$137,901. With this indemnity, the recommended total compensation for the Leader of the Opposition is \$159,001.

We recommend that the cash compensation of the Leader of the Official Opposition be set at 145 per cent of the Member Benchmark cash compensation. The non-cash compensation should be structured consistently

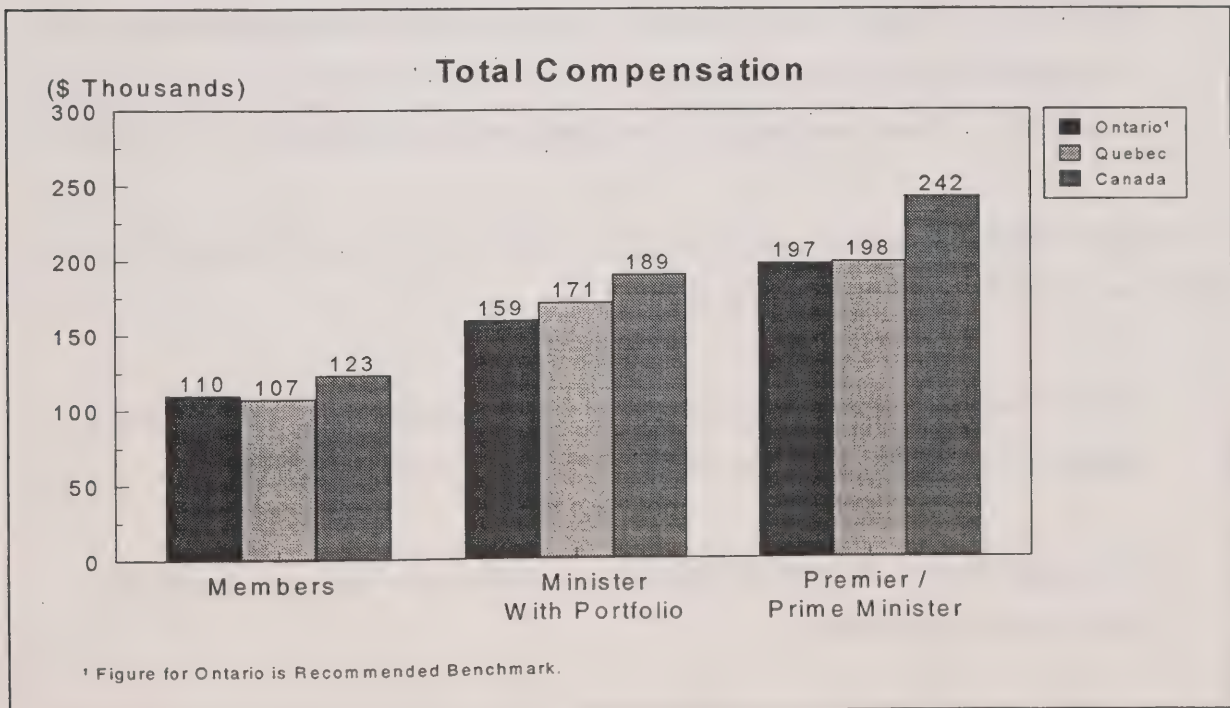
with that of Members including comparable adjustments to the pension arrangements and elimination of tax-free allowances.

Total Compensation for the Premier

The Premier currently receives a \$42,752 additional salary and a \$7,967 additional tax-free leader's allowance.

We recommend that the cash compensation of the Premier be 180 per cent of the cash compensation of Members. The non-cash compensation should be structured consistently with that of Members including comparable adjustments to the pension arrangements and elimination of tax-free allowances.

Using our Member Benchmark, we arrive at cash compensation for the Premier of \$171,187 and non-cash compensation of \$25,925 for a total of \$197,112. This total compensation compares with the federal Prime Minister at \$241,583 and the Quebec Premier at \$198,153.



Total Compensation for Other Positions

We examined the total compensation of Members who do not hold special positions, Ministers with portfolio, the Premier, and the Leader of the Official Opposition. Due to time constraints, we were unable to examine positions such as the Speaker, the Party Whips, and Standing Committee Chairs, to determine whether the current pay differentials are appropriate. However, we believe that these positions should be examined using our methodology and conclusions.

Appendix VIII provides an example of how the cash compensation of all other positions would be derived using the methodology described above. These are only examples and are not part of our recommendations.

Process for Changes to the Compensation Plan

The benchmark should be viewed as a target that could be achieved over a prescribed period. This is common practice in the private sector.

We recommend that the increase in the cash compensation to the Benchmark level be made over time to avoid a large one-time increase and to allow for a future study of these benchmarks to confirm their appropriateness.

Consideration may also be given to incorporating performance requirements in Members' compensation before they reach the Benchmark.

We recommend that the Benchmark be updated annually by an independent source and the compensation of all Members be adjusted accordingly.

We suggest that the Benchmark be examined at five-year intervals to confirm its continued applicability.

Offering Flexible Benefit Choices to Elected Officials

It is possible to go a step beyond converting the current compensation and benefits package to solely cash compensation, by offering benefit choices to elected officials. From an elected official's perspective, flexible benefit choices might be very attractive, particularly for those who do not need medical, life insurance and disability coverage. As well, these choices could be attractive to newly elected Members who have had medical life insurance and disability coverage with a previous employer and who have the inconvenience and difficulty of duplicating that coverage on their own because of:

- the cost of individual insurance products (as compared to group products); and
- evidence of insurability rules and pre-existing condition limitations that would apply if they bought the coverage on an individual basis.

The questions that would need to be answered include:

- what choices should be offered?
- what prices should be charged, with what underwriting rules and limitations on changing options?
- should the Government "underwrite" the risk?

6. PENSION PLAN TRANSITION ISSUES

Having considered possible future retirement savings arrangements, we focused on to how to get there from the existing arrangements. We noted that the situation is unusual in that, if the present plan is ended as of June 8, 1995, there is an element of retroactivity that would not be permitted in a private-sector plan. However, we note that the Premier, before assuming that position, made some very clear statements regarding his intentions. We also note that when the plan Members are legislators, they may choose to vote to reduce their own benefits with retroactive effect.

We recommend that no reductions be made to the pensions of Members that are already in payment, nor should there be reductions to the pensions of Members who are no longer in the Legislature. Unlike Members who are still in the Legislature, these Members have no further say in their pension entitlements.

The Board of Internal Economy may decide on future ad-hoc adjustments to pension benefits.

We recommend preserving all pension amounts earned before June 8, 1995 by Members who are currently in the Legislature. Changes in the indemnity after June 8, 1995 are not to be reflected in this calculation. We recognize that this preserves the 5 per cent accrual rate for service before that date. However, our recommendation is based on a number of factors. The accrual rate applies to only slightly more than half of the Members' cash compensation as we have measured it. We had concerns about making retroactive changes that have no precedent in the private sector.

We recommend that Members who were first elected before June 8, 1995 and had not met the five-year vesting requirements of the pension plan as of that date be deemed to have met those requirements. We note that deeming them to have become vested is consistent with the legal requirements for the private sector in plan terminations. If it is decided that they will not be treated as vested, an accommodation would be to credit to them the pension provided by twice the Member contributions plus interest.

Although we consider that there should be no reduction in the amount of earned benefit, we recommend raising the minimum age for commencement of unreduced pension.

The current plan provides for pension payments to commence at a much younger age for some Members than is common in the private sector. For example, under the present pension plan a Member who is elected at age 25 and serves for 15 years can draw a full pension immediately upon leaving the legislature at age 40. While arguably a period of service as an elected Member can interrupt the career of an individual, we believe that this is best handled by cash severance rather than enhanced pensions. We recommend that entitlement to full pension be available no earlier than age 55 for current active Members. We would support earlier payments provided they are subject to actuarial reductions.

If our recommendations to preserve pension benefits earned prior to June 8, 1995 and to require a minimum 55 years of age for eligibility purposes are not both accepted, and the current generous arrangements continue in effect, we recommend that pension accruals be limited to 30 years less twice the number of years accrued under the present plan. However, if these recommendations are accepted, we recommend that no such restrictions be placed on future pension accruals.

Our recommendations on transition issues for the pension plan assume a change date of June 8, 1995. All contributions made by Members since that date should either be refunded with interest or rolled into the new retirement savings arrangement. If the actual change date is later than June 8, 1995, we recommend that benefits accrue under the existing plan up to the new change date and that subsequent contributions be refunded or rolled over. When rolling contributions to a new arrangement, we recommend that, at a minimum, matching government contributions also be rolled to the new arrangement.

Commuted Values

Our Terms of Reference require us to identify the commuted values for the vested entitlements of Members and pension recipients. For active Members who are under age 55, these commuted values vary, depending on whether the eligibility rule for starting to receive a pension remains unchanged at the "rule of 55" (age plus service) or, as we are recommending, it is changed to a requirement of attaining age 55.

The commuted value of pensions currently in payment depends on the value of future cost-of-living pension increases, if any. We have recommended that the pensions of former Members, including past cost-of-living increases, continue to be paid under LARAA, and that future cost-of-living increases be subject to approval by the Legislature on an ad-hoc basis, as has been the practice in the past. The report of the plan's actuary (see Bibliography) gave the following actuarial present value for these pensions (excluding future ad-hoc cost of living increases) in the absence of future indexation, as at March 31, 1995.

Former Members	\$32,607,901
Surviving Spouses and Children	2,176,656
Cost-of-living increases now in payment	<u>11,158,920</u>
	\$45,943,477

We have also considered the merits of paying commuted values to active Members, as well as those now receiving their pension. We can see no reason for doing so with respect to those now receiving their pensions.

With respect to the benefits of currently active Members for service up to June 8, 1995, one option would be to pay out the commuted value of these benefits (instead of paying them in the form of pensions once their retirement dates are known). The total commuted values would range from \$9.5 million to \$14.2 million. These figures do not take into account the value of any future cost-of-living increases. The lower figure would apply if the plan is amended to require that

Members be at least age 55 when their pension starts, and also that Members who had not completed the vesting requirement of five years of service by June 8, 1995 would receive a refund of their own contributions with interest rather than the commuted value of their pensions. The higher figure would apply if the plan is not so amended (i.e. the "rule of 55" is retained) and all Members are vested in their pension entitlements. The following table summarizes the commuted values on both bases.

COSTS OF PAYING OUT COMMUTED VALUES

(all amounts in \$1,000)

Year First Elected	Number of Members	Member Contributions With Interest	Accrued Annual Pension	Commuted Value: Rule of 55	Commuted Value: Age 55 Minimum
before 1985	14	1,554	658	7,267	5,022
1985	9	513	290	2,974	2,316
1987*	10	433	231	2,049	1,590
1990**	24	564	269	1,922	1,437
TOTAL	57	3,064	1,448	14,212	10,365

* Includes two Members elected in 1988 by-election.

** Includes three Members elected in 1993 and 1994 by-elections

The commuted values shown above have been calculated as at June 8, 1995 on the basis prescribed by the Canadian Institute of Actuaries for the calculation of "transfer values", which are amounts paid from private sector pension plans to RRSPs or similar vehicles when an employee terminates employment or when the plan is itself terminated. They do not include any value for possible future ad-hoc cost-of-living increases.

Our recommendation is that commuted values not be paid out to current Members. We make this recommendation for several reasons.

- (a) LARAA has never provided for payment of commuted values when Members terminated in the past. Since it is quite feasible to honour the benefit promise to present Members by making pension payments to them when they qualify, we see no compelling reason to burden the provincial Treasury by exchanging the obligation to make those future streams of pension payments for a substantial lump-sum cash payment today.
- (b) The lump-sum cost of payment of commuted values would be considerably higher than the cost of the future deferred pension payments to these Members. The reason for this is that the commuted value calculation is based on the premise that the Member will start drawing his or her pension at the earliest possible time. In the extreme case, a Member who would qualify for an immediate pension if he or she resigned now is assumed to start drawing that pension right away. Payment of the commuted value to such a Member is the equivalent of paying his or her pension while he or she is still sitting in the Legislature and receiving pay as a Member. If the future pensions of these Members are paid only after their retirement dates are known, the estimated cost of these pensions (excluding any future ad-hoc increases) is about \$8 million, which is considerably less than the total commuted value.
- (c) For most Members, the commuted value on either basis, as shown above, will be considerably more than the amount that can be transferred tax-free to an RRSP. Presumably, the Ontario government is in a position of being able to negotiate an exemption for LARAA members from these limits, which are prescribed under the federal Income Tax Act. However, such an exemption might be seen as further compounding the appearance of special privileges for these pension benefits, thus tending to defeat the whole purpose of the exercise.

As a matter of information, we note if the pre-June 8, 1995, pension benefits of the currently active members are increased by ad-hoc cost-of-living adjustments of 75 per cent of the rate of inflation (which would be about the same level of increase as in the past), the \$8 million cost mentioned in (b) above would increase to about \$13 million. If the commuted values were similarly adjusted, the total of the commuted values would increase to \$20 million with the Rule of 55 or \$16 million with a minimum pension age of 55.

APPENDICES

APPENDIX I

ONTARIO MPP COMPENSATION COMMISSION TERMS OF REFERENCE

- The Commission will advise and recommend on various MPP compensation issues, taking into account the Government's announcement that it intends to end, as of June 8, 1995, the present pension arrangement for Members of the Legislative Assembly.
- The Commission will provide to the Minister of Finance:
 - Determination of the value of Members' total annual compensation, including the value of special allowances and indemnities and tax-free allowances for leaders, ministers, and other specified positions under the current compensation arrangement;
 - Recommendations for a new compensation plan for Members, including compensation for leaders, ministers and other specified positions, taking into consideration:
 - (A) The comparable valuation of Members' work,
 - (B) Options for the structure of employee benefits, including cash payments in lieu of benefits, and consideration of a group RRSP, and
 - (C) Options for converting Members' current tax-free allowances into fully taxable payments;
 - Recommendation of a procedure to determine future compensation adjustments;
 - Recommendations for the appropriate treatment of non-vested Members when the pension plan is terminated;
 - Identification of the commuted values for the vested pension entitlements of Members and pension recipients, and recommendations on the desirability of paying out these amounts;
 - Identification of matters to be addressed, including related transitional pension issues, if the Government continues to administer and fund the terminated plan for vested Members and pension recipients;
 - Identification of any other issues that arise from the elimination of the pension plan, and recommendations for dealing with such issues;

- Such other ancillary matters approved by the Minister of Finance as the Commission considers relevant, and any other matter required by the Minister of Finance to be considered by the Commission to enable Ontario to achieve the Government's overall objective of reforming MPPs' compensation.
- The report of the Commission shall be delivered to the Minister of Finance by November 20, 1995 or such other date as is determined in consultation between the Minister of Finance and the Commission.

APPENDIX II

BENEFITS UNDER THE LEGISLATIVE ASSEMBLY RETIREMENT ALLOWANCES ACT*

Definitions

"Average annual remuneration" is defined as the average over any 36 months (60 months in the case of the Ombudsman and the Commissioner) during which remuneration of the Member was highest.

"Remuneration" is defined as the indemnity paid to a person as a Member under the Legislative Assembly Act together with all other indemnities and salaries paid to such person under that Act and the Executive Council Act.

"Spouse" in relation to a "Member or former Member means either of a man and woman who,

- i) are married to each other,
- ii) have together entered into a marriage that is voidable or void, in good faith on the part of the person asserting a right under the Legislative Assembly Retirement Allowances Account Act (LARAA).
- iii) are not married to each other and have cohabited continuously for a period of not less than three years, or
- iv) are not married to each other and have cohabited in a relationship of some permanence, if they are the natural or adoptive parents of a child.

Membership

A Member is defined to be a Member of the Legislative Assembly. In addition, the Ombudsman Act and the Freedom of Information and Protection of Privacy Act provide that the Ombudsman and the Information and Privacy Commissioner be members of LARAA.

Benefits to Members

(a) Pensions

A member who retires or leaves the Assembly after completing five years of service is entitled to a lifetime pension (called a Retirement Allowance in the Act). The amount of pension for an eligible Member is computed as 5% of average annual remuneration multiplied by years of service to a maximum of 15 years.

If the age and service of the Member add to at least 55, the pension is payable on retirement. If the age and service of the Member add to less than 55, the Member may elect either:

- i) to defer pension commencement until the time when age plus service equals 55, when the amount will be as described above, or
- ii) an immediate pension, which is reduced to compensate for earlier commencement and longer period for which it will be paid.

The pensions described above are subject to adjustments from time to time, at the discretion of the Speaker, to compensate for increases in the cost of living. Pension provided by these adjustments is known as supplementary pension.

(b) Refunds

A Member who retires or leaves the Assembly before completing five years of service is entitled to a return of the Member's own contributions accumulated with 6% interest.

Benefits to Surviving Spouse

a) Former Member

On the death of a former Member who was receiving a pension, the surviving spouse is entitled to a lifetime pension of 60 % of the former Member's pension, including supplementary pension, plus, in respect of any child under eighteen or in attendance at a recognized educational institutional, to a maximum of three such children, 10% of the former Member's pension including supplementary pension.

b) Active Member

When an active member dies leaving a Spouse, a pension is payable for the lifetime of the Spouse equal to the greater of:

- i) 25% of the indemnity of the Member immediately before death; or
- ii) 60% of the pension earned by the Member at death, plus 10% of such pension in respect of any child, to a maximum of three children, who is eligible as described in paragraph (a).

Benefits to Surviving Children

If a former Member or active Member dies and leaves one or more children in the eligible categories described in the preceding paragraphs, but no Spouse, a pension payable equal to that payable to a Spouse will be paid to such child or children while they remain eligible. If a Spouse in receipt of a spouse pension as described above, dies and leaves an eligible child or children as described above, the spouse pension will continue while the children remain eligible.

* Source: Howard A. Tate, "Actuarial Report of the Legislative Assembly Retirement Allowances Act as at March 31, 1995," "Appendix A"

APPENDIX III

Summary of Pension Benefits for Elected Members in Canada				
	Contribution Rate	Minimum Eligibility for Pensions	Pension Formula	Indexation
House of Commons	<ul style="list-style-type: none"> 9% of basic indemnity (contributions based on tax-free allowance are not permitted) plus 1% for indexation. 	<ul style="list-style-type: none"> 6 years service, normal retirement age = 55 	<ul style="list-style-type: none"> Average best 6 years x 4% x pension 75% of final year's earnings after 15 years service. 	<ul style="list-style-type: none"> CPI Indexing commence at 60, at which time benefits are received on a cumulative basis of all indexing awarded since date of retirement.
Newfoundland	<ul style="list-style-type: none"> 7% of all indemnities and salaries (include tax-free allowance). 	<ul style="list-style-type: none"> Two elections and 5 years, age plus service = 60 (55 for Premier). 	<ul style="list-style-type: none"> Best 3 years x (5% x first 10 years) + (4% x next 5 years) + (2.5% next 2 years). Maximum pension 75% of best 3-year average. 	<ul style="list-style-type: none"> Ad hoc.
P.E.I.	<ul style="list-style-type: none"> 8% of all indemnities (excluding tax-free allowance). 	<ul style="list-style-type: none"> Age 60 with 8 or more years service or elected at least twice. 	<ul style="list-style-type: none"> 2% x 3-year final average salary x years served. 	<ul style="list-style-type: none"> CPI - 2% up to 8%.
Nova Scotia	<ul style="list-style-type: none"> 10% of indemnity, expense allowance and salary payments. 	<ul style="list-style-type: none"> Age 55 and 5 years service in two or more General Assemblies (military service may be counted as pensionable service). 	<ul style="list-style-type: none"> Average final 3 year salary + allowances x 5% x years served (at least 5). Maximum 15 years service. 	<ul style="list-style-type: none"> Full CPI up to 6%.
New Brunswick	<ul style="list-style-type: none"> 9% of all indemnities (excluding tax-free allowance). 	<ul style="list-style-type: none"> Ten sessions (military service may be counted as pensionable service). 	<ul style="list-style-type: none"> 4.5% x best 3 consecutive years x number of sessions. Maximum 100% of final years earnings. 	<ul style="list-style-type: none"> Full CPI to 6%.

	Contribution Rate	Minimum Eligibility for Pensions	Pension Formula	Indexation
Quebec	<ul style="list-style-type: none"> 9% of indemnity paid to a Member. 	<ul style="list-style-type: none"> Age 60 unreduced. Reduced at .25% per month prior to age 60. 	<ul style="list-style-type: none"> Effective from 1/1/92: 1.75% of the annual indemnity on which contributions were paid x years of service (not to exceed 25 years). 	<ul style="list-style-type: none"> According to the rate of increase in the pension Index under the QPP.
Ontario	<ul style="list-style-type: none"> 10% of all indemnities and salaries (excluding the tax-free allowance). 	<ul style="list-style-type: none"> 5 years service, and age plus service = 55. 	<ul style="list-style-type: none"> Average of any 36 months highest total remuneration x 5% x years served. Maximum pension is 75% of 36 month average earnings. 	<ul style="list-style-type: none"> Ad hoc. Average 70-80% of CPI.
Manitoba	<ul style="list-style-type: none"> 7% of all indemnities and salaries (including tax-free allowance). 	<ul style="list-style-type: none"> Immediate vesting - money purchase plan. 	<ul style="list-style-type: none"> Allowance based on a RRSP arrangement. 	<ul style="list-style-type: none"> None.
Saskatchewan	<ul style="list-style-type: none"> 9% of all indemnities and salaries (including tax-free allowance). 	<ul style="list-style-type: none"> Immediate vesting - money purchase plan. 	<ul style="list-style-type: none"> For members first elected before April 1, 1979: monthly allowance based on earnings and years of service. Money purchase plan for members elected after April 1, 1979. Annuity of choice purchased with accumulated funds. 	<ul style="list-style-type: none"> Automatically increased by an amount equal of any increase awarded to retired civil servants.
Alberta	<ul style="list-style-type: none"> Plan terminated as of June 1993. No further contributions or benefit accruals for new members. Vested Members continue to contribute and accrue. 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> Retroactive from April 1989 of June 1993, benefits of eligible members reduced from 4% to 3%. 	<ul style="list-style-type: none"> Ad hoc increase determined annually.

	Contribution Rate	Minimum Eligibility for Pensions	Pension Formula	Indexation
British Columbia	<ul style="list-style-type: none"> 9% of all indemnities and salaries (excluding tax-free allowance). 	<ul style="list-style-type: none"> 7 years or 3 elections, age 55 or age plus service = 60. 	<ul style="list-style-type: none"> Average best 4 years x 5% x years served (maximum 16 years service). 	<ul style="list-style-type: none"> Full CPI subject to funds available.
Yukon	<ul style="list-style-type: none"> No contribution by members. 	<ul style="list-style-type: none"> 6 years age 55 (but members may elect to receive a reduced amount anytime after age 50). 	<ul style="list-style-type: none"> Average of the highest three consecutive years (basic indemnity, tax-free allowance plus salary) is multiplied by 2.5% of the number of years of service. 	<ul style="list-style-type: none"> By regulation upon the recommendation of the Members' Services Board.
N.W.T.	<ul style="list-style-type: none"> 9% of yearly pensionable remuneration and earnings (does not apply to members with 15 years of service). 	<ul style="list-style-type: none"> 6 years, age 55. 	<ul style="list-style-type: none"> Years of service since March 10, 1975 (maximum 15 years) multiplied by 2% of average annual pensionable remuneration (excluding earnings) of the 4 consecutive years of service of the member's choice. Additional allowance for the Speaker, Deputy Speaker, chairs of Committees of the Whole, and Standing Committees, and Ministers. 	
Source: Eckler Partners Ltd. "The Ontario Legislative Assembly Retirement Allowances Act: An Actuarial Review of its Present Provisions and Some Possible Alternatives."				

APPENDIX IV

SUPPLEMENTAL COMPENSATION DATA FOR ELECTED OFFICIALS IN QUEBEC AND CANADA 1993-95

Official		Total Cash	Total Comp.*	Tax-Free Allowance
1) Premier (Quebec)	1993	\$130,124	\$174,007	\$11,203
	94 & 95	\$131,425	\$175,747	\$11,203
2) Minister (Quebec)	1993	\$111,081	\$147,071	\$11,203
	94 & 95	\$112,192	\$148,542	\$11,203
3) Member (Quebec)	1993	\$63,475	\$84,041	\$11,203
	94 & 95	\$64,110	\$84,882	\$11,203
4) Prime Minister (Canada)	1993 & 94	\$134,320	\$232,444	\$21,300
	1995	\$134,320	\$214,983	\$21,300
5) Minister (Canada)	1993 & 94	\$111,045	\$177,069	\$21,300
	1995	\$111,045	\$162,634	\$21,300
6) Member (Canada)	1993 & 94	\$64,400	\$104,770	\$21,300
	1995	\$64,400	\$96,398	\$21,300

Source: Sobeco Ernst & Young (November 15, 1995).

* Excludes tax-free allowance.

APPENDIX V

DERIVATION OF ADJUSTMENT FACTORS

	PREMIER			
	ONTARIO (Current)	FEDERAL	QUEBEC	ONTARIO (Recommended)
PREMIER & PRIME MINISTER INDEMNITIES	\$84,970	\$134,320	\$131,425	\$126,598
MEMBER'S INDEMNITIES	\$42,218	\$64,400	\$64,110	\$62,984*
RATIO OF PREMIER TO MEMBER	2.01	2.09	2.05	2.01

* Indemnity before addition of value of tax-free allowances.

Notes:

1. The ratio of Premier to Member Indemnities of 2.01 is preserved for application in Ontario (Recommended).
2. The Premier's indemnity is $2.01 \times \$62,984$ or \$126,598.
3. The Premier's indemnity after addition of the value of the tax-free allowance is $\$126,598 + \$44,254$ (see page 60) = \$170,852.
4. The Recommended ratio of Premier's cash compensation to Member's recommended cash compensation = $\frac{\$170,852}{\$95,104} = 1.80$ (rounded).

MINISTERS WITH PORTFOLIO				
	ONTARIO (Current)	FEDERAL	QUEBEC	ONTARIO (Recommended)
MINISTER'S INDEMNITIES	\$72,221	\$111,045	\$112,192	\$107,703
MEMBER'S INDEMNITIES	\$42,218	\$64,400	\$64,110	\$62,984*
RATIO OF MINISTER TO MEMBER	1.71	1.72	1.75	1.71

* Indemnity before addition of value of tax-free allowances.

Notes:

1. The ratio of Minister to Member Indemnities of 1.71 is preserved for application in Ontario (Recommended).
2. The Minister's indemnity is $1.71 \times \$62,984$ or \$107,703.
3. The Minister's indemnity after addition of the value of the tax-free allowance is \$107,703 + \$ 28,320 (see page 58) = \$136,023.
4. Recommended ratio of Minister's cash compensation to Member's recommended cash compensation =
 $\frac{\$136,023}{\$95,104} = 1.45$ (rounded).

APPENDIX VI

ANNUAL REMUNERATION OF CANADIAN ELECTED OFFICIALS

Place	BASIC			ADDITIONAL			
	Basic Indemnity	Tax-free Allowance	Prime Minister or Premier	Minister	Opposition Leader	Committee Chair	Committee Allowance ¹
Canada	\$64,400	\$21,300	\$69,920	\$46,645	\$49,100	N/A	0
Newfoundland	\$38,028	\$19,014	\$54,943	\$39,834	\$39,834	\$3,000	\$75
Prince Edward Island	\$29,600	\$8,973	\$44,585	\$34,225	\$34,225	N/A	\$69
Nova Scotia	\$30,130	\$15,065	\$52,012	\$37,055	\$37,055	N/A	\$100
New Brunswick	\$35,807	\$14,323	\$47,957	\$31,972	\$31,972	N/A	0
Quebec	\$63,475	\$11,203	\$63,129	\$45,092	\$45,092	\$15,031	\$137
Ontario	\$42,218	\$14,160 ²	\$42,752	\$30,003	\$30,902	\$8,592	\$76
Manitoba	\$56,500	0	\$40,000	\$25,000	\$25,000	\$3,000	0
Saskatchewan	\$38,546	\$7,622	\$52,300	\$36,610	\$36,610	\$4,084	\$155
Alberta	\$36,418	\$18,209	\$56,865	\$44,700	\$44,700	\$3,990	0
British Columbia	\$32,812	\$15,586	\$45,000	\$39,000	\$39,000	\$225 ³	\$100
Yukon	\$30,487	\$14,276	\$30,496	\$22,260	\$22,260	N/A	0
Northwest Territories	\$38,701	\$1,000	\$74,715	\$67,275	N/A	\$3,000	\$218

1. Daily Rate
2. Ontario also provides a Leader's Allowance in addition to the tax-free expense allowance for the Premier (\$7,967), Official Opposition (\$5,313) and Third Party (\$2,655).
3. Daily Rate

N/A: NOT AVAILABLE

Source: Canadian Legislatures 1992

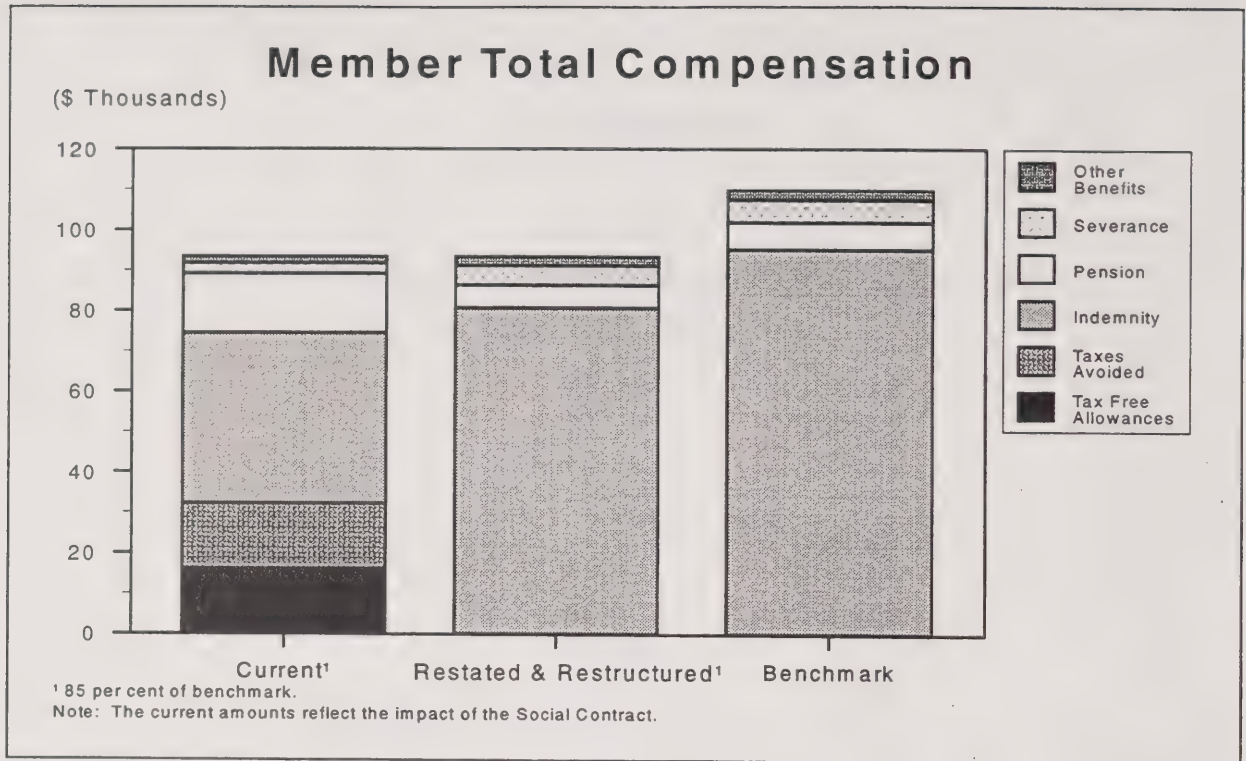
CASH COMPENSATION OF CANADIAN ELECTED OFFICIALS

	Members	Ministers with Portfolio	Premiers/ Prime Minister
Canada	\$91,000	\$137,645	\$160,920
Newfoundland	\$76,056	\$115,890	\$130,999
Prince Edward Island	\$47,546	\$81,771	\$92,131
Nova Scotia	\$60,260	\$97,315	\$112,272
New Brunswick	\$64,453	\$96,425	\$112,410
Quebec	\$85,881	\$130,973	\$149,010
Ontario	\$70,538	\$100,541	\$129,224
Manitoba	\$56,500	\$81,500	\$96,500
Saskatchewan	\$53,790	\$90,400	\$106,090
Alberta	\$72,836	\$117,536	\$129,701
British Columbia	\$63,984	\$102,984	\$108,984
Yukon	\$59,039	\$81,299	\$89,535
Northwest Territories	\$40,701	\$107,976	\$115,416

Source: Canadian Legislatures 1992

APPENDIX VII

MEMBER, MINISTER, OFFICIAL OPPOSITION LEADER & PREMIER TOTAL COMPENSATION



Member Total Compensation

(Dollars)

	Current	Restated & Restructured	Benchmark
Tax Free Allowances	16,060		
Taxes Avoided(2)	16,060		
Indemnity	42,218	80,596	95,104
Total Cash Compensation	74,338	80,596	95,104
Pension(5)	14,776	5,642	6,657
Severance(3)	2,533	4,836	5,706
Other Benefits(1)(2)(4)	1,742	2,315	2,533
Total Compensation	93,389⁽⁶⁾	93,389⁽⁶⁾	110,000

Notes: The current amounts reflect the impact of the Social Contract.

(1) Other group insurance calculated as \$555 plus 0.604% of Indemnity

(2) Tax rate assumed to be 50.0% (i.e. divide tax-free by 0.5)

(3) 6% of Indemnity

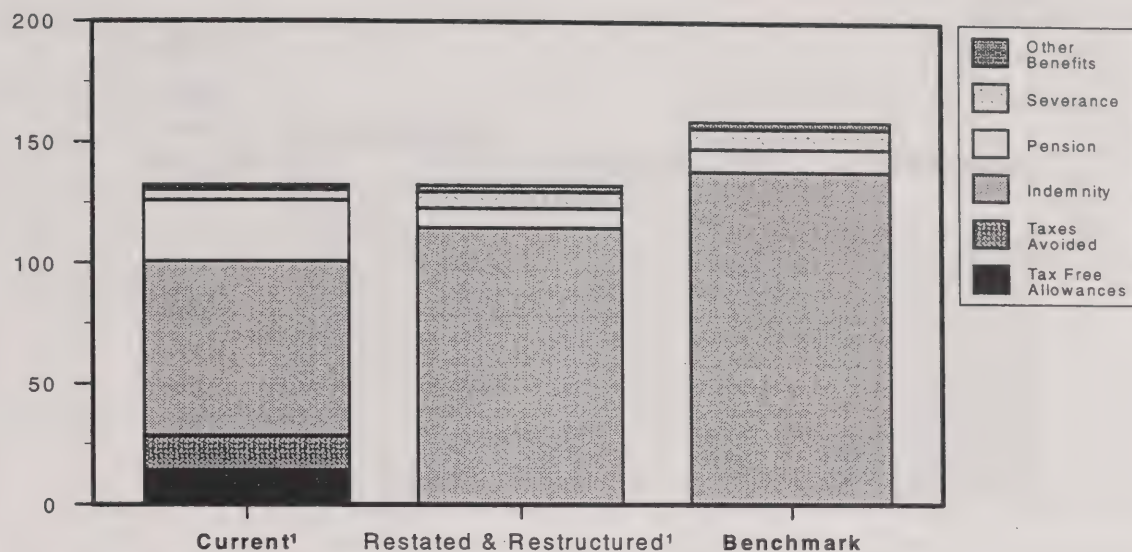
(4) Life Insurance calculated as \$2.88 per \$1,000 of Indemnity

(5) Current: 35% of Indemnity; Option: 7% of Indemnity

(6) 85 per cent of benchmark.

Minister Total Compensation

(\$ Thousands)



¹ 83 per cent of benchmark.

Note: The current amounts reflect the impact of the Social Contract.

Minister Total Compensation

(Dollars)

	Current	Restated & Restructured	Benchmark
Tax Free Allowances	14,160		
Taxes Avoided(2)	14,160		
Indemnity	72,221	114,616	137,901
Total Cash Compensation	100,541	114,616	137,901
Pension(5)	25,277	8,023	9,653
Severance(3)	4,333	6,877	8,274
Other Benefits(1)(2)(4)	2,190	2,825	3,173
Total Compensation	132,341⁽⁶⁾	132,341⁽⁶⁾	159,001

Notes: The current amounts reflect the impact of the Social Contract.

(1) Other group insurance calculated as \$555 plus 0.604% of Indemnity

(2) Tax rate assumed to be 50.0% (i.e. divide tax-free by 0.5)

(3) 6% of Indemnity

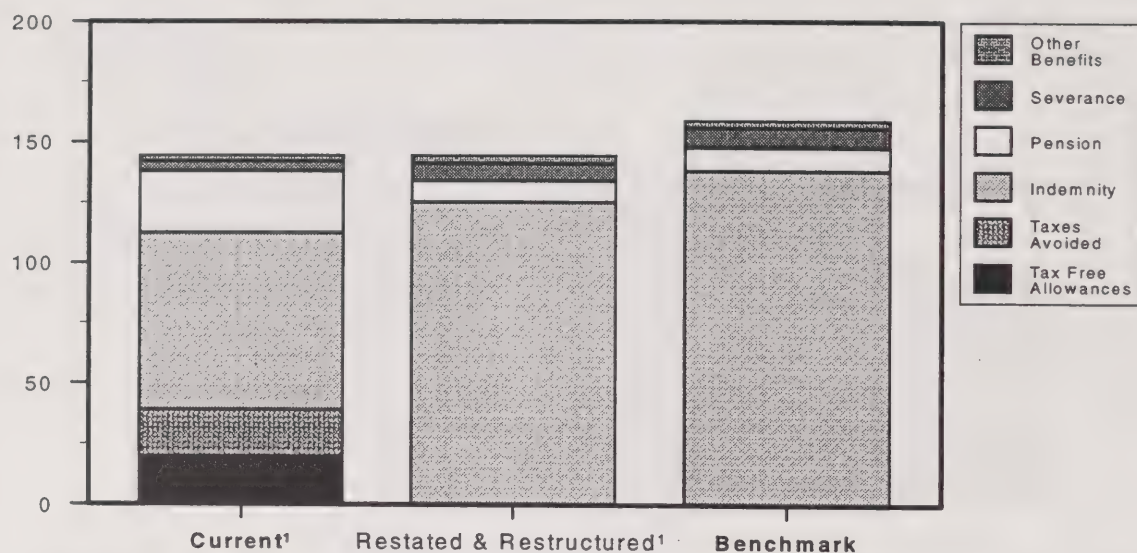
(4) Life Insurance calculated as \$2.88 per \$1,000 of Indemnity

(5) Current: 35% of Indemnity; Option: 7% of Indemnity

(6) 83 per cent of benchmark.

Official Opposition Leader Total Compensation

(\$ Thousands)



¹ 91 per cent of benchmark.

Note: The current amounts reflect the impact of the Social Contract.

Official Opposition Leader Total Compensation

(Dollars)

	Current	Restated & Restructured	Benchmark
Tax Free Allowances	19,473		
Taxes Avoided(2)	19,473		
Indemnity	73,120	125,017	137,901
Total Cash Compensation	112,066	125,017	137,901
Pension(5)	25,592	8,751	9,653
Severance(3)	4,387	7,501	8,274
Other Benefits(1)(2)(4)	2,205	2,981	3,173
Total Compensation	144,250⁽⁶⁾	144,250⁽⁶⁾	159,001

Notes: The current amounts reflect the impact of the Social Contract.

(1) \$555 plus 0.604% of Indemnity

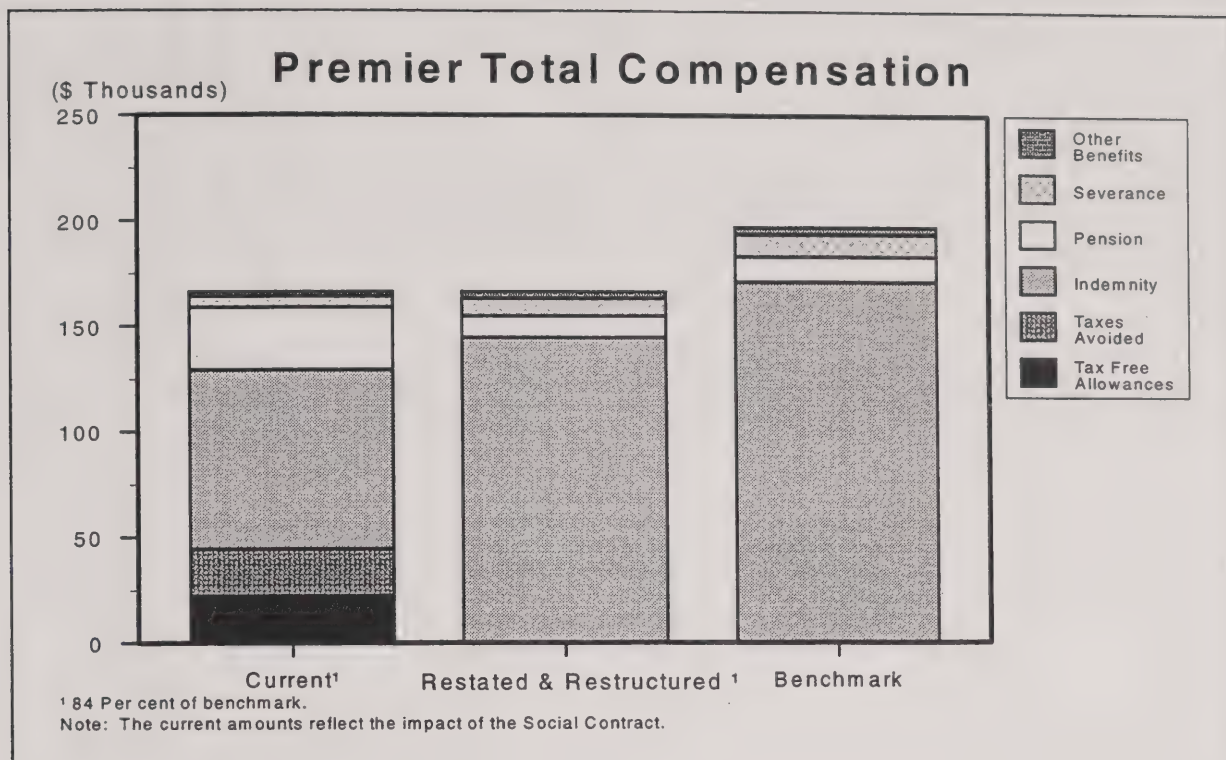
(2) Tax rate assumed to be 50.0% (i.e. divide tax-free by 0.5)

(3) 6% of Indemnity

(4) \$2.88 per \$1,000 of Indemnity

(5) Current: 35% of Indemnity; Option: 7% of Indemnity

(6) 91 per cent of benchmark.



Premier Total Compensation

(Dollars)

	Current	Restated & Restructured	Benchmark
Tax Free Allowances	22,127		
Taxes Avoided(2)	22,127		
Indemnity	84,970	144,401	171,187
Total Cash Compensation	129,224	144,401	171,187
Pension(5)	29,740	10,108	11,983
Severance(3)	5,098	8,664	10,271
Other Benefits(1)(2)(4)	2,381	3,270	3,671
Total Compensation	166,443⁽⁶⁾	166,443⁽⁶⁾	197,112

Notes: The current amounts reflect the impact of the Social Contract.

(1) \$555 plus 0.604% of Indemnity

(2) Tax rate assumed to be 50.0% (i.e. divide tax-free by 0.5)

(3) 6% of Indemnity

(4) \$2.88 per \$1,000 of Indemnity

(5) Current: 35% of Indemnity; Option: 7% of Indemnity

(6) 84 per cent of benchmark.

APPENDIX VIII

AN ILLUSTRATION OF CASH COMPENSATION FOR MEMBERS WITH EXTRA DUTIES

	Additional Indemnity	Current Indemnity	Leader Allowance	Committee Allowance ¹	Adjustment Factor	Recommended	
						Total Indemnity	Additional Indemnity ²
Premier	42,752	84,970	7,967	0	0.8000	171,187	76,083
Minister with Portfolio	30,003	72,221	0	0	0.4500	137,901	42,797
Minister w/o Portfolio	15,065	57,283	0	0	0.2363	117,577	22,473
Parliamentary Assistant	9,269	51,487	0	1,900	0.1454	108,932	13,828
Leader of the Opposition	30,902	73,120	5,313	0	0.4500	137,901	42,797
Third Party Leader	22,000	64,218	2,655	0	0.3451	127,924	32,820
Speaker	22,811	65,029	0	0	0.3578	129,132	34,028
Chair, Com. Whole House	9,546	51,764	0	2,200	0.1497	104,650	14,237
Deputy Speaker	9,546	51,764	0	1,900	0.1497	109,341	14,237
Dep. Chair, Com. Whole House	6,631	48,849	0	1,900	0.1040	104,995	9,891
Standing Committee Chair	8,592	50,810	0	2,200	0.1348	103,696	12,820
Standing Committee Vice-Chair	5,171	47,389	0	1,900	0.0811	102,817	7,713
Chief Govt. Whip	11,804	54,022	0	0	0.1852	112,717	17,613
Opp. House Leader	11,804	54,022	0	1,900	0.1852	112,717	17,613
Dep. Opp. House Leader	5,835	48,053	0	1,900	0.0915	103,806	8,702
Govt. Whip	5,835	48,053	0	1,900	0.0915	103,806	8,702
Opp. Whip	5,835	48,053	0	1,900	0.0915	103,806	8,702
Third Party House Leader	10,069	52,287	0	1,900	0.1580	110,130	15,026
Dep. Third Party House Leader	5,304	47,522	0	1,900	0.0832	103,017	7,913
Third Party Whip	5,304	47,522	0	1,900	0.0832	103,017	7,913
Deputy Govt. Whip	8,089	50,307	0	1,900	0.1269	107,173	12,069
Govt. Caucus Chair	8,089	50,307	0	1,900	0.1269	107,173	12,069
Opp. Caucus Chair	8,089	50,307	0	1,900	0.1269	107,173	12,069
Chief Opp. Whip	9,049	51,267	0	1,900	0.1419	108,599	13,495
Chief Third Party Whip	8,144	50,362	0	1,900	0.1278	107,258	12,154
Third Party Caucus Chair	7,280	49,498	0	1,900	0.1142	105,965	10,861
Member	0	42,218	0	1,900	0	95,104	0

¹ Assumes 25 days of committee hearings per year.

² No recommended tax-free allowances nor committee allowances.

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